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London Comment

By HERBERT M. BRATTER

International Chamber of Commerce Council Ends Meeting and Announces Plans. British Doubt Our Awareness of Their Problems. Comment on Lack of Precision in King's Speech on "Nationalization." Troubles and Worries of Travel in Europe.

Herbert M. Bratter

LONDON, ENG. — At a press conference following the International Chamber of Commerce Council meetings of this week Winthrop W. Aldrich, President of the Chamber, made public the resolutions which will be given in the Sept. 6 issue of the "Chronicle." Private business is now organized on a world-wide basis to cooperate with governments through the Economic and Social Council to be set up as part of the United Nations Organization, Mr. Aldrich revealed. As rapidly as countries become members of the United Nations Organization, their businessmen will be welcomed into the International Chamber of

(Continued on page 941)

Index of Regular Features on page 960.

A Code of Int'l Commercial Credit

By EUGENE P. THOMAS*

President, National Foreign Trade Council

Mr. Thomas Proposes a Code of 20 Elements Among Which Are (1) Abolition of Preferential Arrangements; (2) Restriction of Intergovernmental Commodity Agreements to Surplus Agricultural Products; (3) Prohibition of State-Trading Corporations From Discriminating Among Traders in a Given Country; (4) Abolition of Trade-Restricting Cartels; (5) Standardization of International Traveling and Shipping Documents; (6) Arbitration of Commercial Disputes, and (7) Freedom of Residence, Travel and Business Activities to Citizens of Foreign Countries. Calls for International Agency to Pass on Commercial Laws.

Eugene P. Thomas

The term "commercial" as used in the title of this discussion is not limited to those activities involved in the exchange of goods and services among nations. It comprehends all national acts and policies which affect international economic relations. A code of international commercial conduct must necessarily embrace not only all factors bearing directly on commercial intercourse among nations but also all the acts and policies of individual nations which directly or indirectly affect or have repercussions on the citizens and economies of other countries.

In this discussion, I shall not endeavor to lay down in precise terms the provisions which should be incorporated in a code of in-

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*Presented by Mr. Thomas at the meeting of the Council of the International Chamber of Commerce in London, Aug. 13-18, 1945.

(Continued on page 944)

U. S. and British Exchange Rates

By MELCHIOR PALYI

Dr. Palyi Sees a Continuation of Pegging of Exchange Rates and an Artificially Controlled Exchange Situation, Even With the General Adoption of the Bretton Woods Program. Holds There Will Be Only a Phantom Gold Standard, Similar to That of the Hitler Regime, and Though Britain Will Hold on to Her Present Exchange Rates, It Will Be at a Price of Maintaining Trade Barriers Which Amount to Devaluation of the Pound. Believes Dollar Has Prospects of Returning to Its Par Value, but That Loss of Gold and Cumulative Rise of Money Circulation Will Compel Later a Reconsideration of Its Foreign Exchange Situations.

Dr. Melchior Palyi

For a while no doubt, all exchange rates will remain pegged at the present artificial levels. There is no need to change them so long as there is no normal trade that could be influenced by exchange policies, and so long as the international flow of funds is strictly controlled. For the time being, lend-lease, purchases for and spending by our armies in foreign countries, gold loans (to China), etc., take care of deficits on international accounts which are not fully protected by exchange restrictions.

But what after? The Bretton Woods program has been accepted by the Senate. Other countries will follow, no doubt. In the light of that program, other international agreements and a multitude of circumstances, the

(Continued on page 951)

Guarantee of Employment Means Totalitarianism

By WILLIAM L. KLEITZ*

Vice President, Guaranty Trust Company of New York

Mr. Kleitz Contends That Government Responsibility for Full Employment Would Destroy Private Enterprise, and That Heavy Deficit Spending to "Make Work" Causes Loss of Confidence by Private Industry and Consequently Reduces Employment. Maintains That Private Enterprise Can Provide Full Employment and That Experience Proves That Remedies Proposed in Murray Bill Are Not Feasible. Says Congress Can Help by Providing Necessary Public Works, by a Sound Fiscal Policy and by Removing Restrictions on Business.

William L. Kleitz

The invitation extended by the Chairman of your Committee to appear before you in your hearings on the Full Employment Bill is greatly appreciated.

Since my statement will be critical of some features of the Bill, I should like to correct one or two possible misapprehensions at the very outset. First, I should like to state emphatically that the institution I represent here is in full accord with what we take to be the broad objectives of the Bill. Those objectives, as we understand them, are, first, to prevent to the greatest possible extent in the future the hardships that have been associated with unemployment in the past; and, second, to prevent those hardships

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*A statement made before the Senate Banking and Currency Committee, August 28, 1945.

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The Full Employment Bill

By BEARDSLEY RUML*

Treasurer, R. H. Macy & Co.,
Chairman, Federal Reserve Bank of New York

Mr. Ruml Contends the Objectives of the Full Employment Bill Are Desirable; That the Procedure Provided Is Workable, but the Plan Can Be Successful Only If Basic Legislation Is Adopted for Social Security Financing, Construction, Industry Stabilization, Taxation Reform, Coordination of Federal Lending and Agricultural Welfare. Says Plan Is Superior to, and Differs From Beveridge's Spending Policy and Objects to Such Phraseology as "Right to Work" and "Assurance of Full Employment."

I appreciate the opportunity to testify to this Committee in behalf of the Full Employment Act of 1945. In doing so, I am speaking as an individual, and not as a representative of any organization or association.

Beardsley Ruml

First of all, let me say that I am heartily in sympathy with the objectives of the Bill. Any comments or suggestions I may make are solely for the purpose of strengthening the Bill and, in my opinion, for making the more certain that its objectives will be attained.

The problem to which the Bill is addressed is one of the basic problems of modern life, namely the advancement of human freedom and democracy under the economic conditions of a developing industrial society. We want the improvement in the general material well-being that knowledge, effort and skill can provide, but at the same time we propose to maintain our freedom and our rights.

Today what people want when they demand freedom is a condition under which they can realize, with reasonable completeness, the potentialities as persons that inhere in their capacities as individuals. Accordingly, human freedom is unattainable without productive employment under proper conditions of work, and the right to freedom is meaningless without the opportunity for such productive employment.

The Full Employment Bill is a

(Continued on page 942)

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*Statement submitted by Mr. Ruml to the Senate Committee on Banking and Currency, Aug. 24, 1945.

William Gardner Joins C. E. de Willers Co.

C. E. de Willers & Co., 120 Broadway, New York City, announce that William H. Gardner, recently returned after three and one-half years with the Army Air Forces, is now associated with them.

Joseph Goodman to Admit

PHILADEPHIA, PA. — Joseph D. Goodman & Co., 1500 Walnut Street, members of the New York Stock Exchange, will admit J. Donald Goodman to partnership in the firm as of Sept. 10.

NAM Prosperity Program

Proposes Plan Calling for (1) Sound Money and Credit System; (2) Elimination of Special Privileges; (3) Adequate Flow of Private Capital Into Productive Enterprises; (4) Reductions of Tariffs; (5) Elimination of Subsidies; (6) Removal of Special Agricultural Privileges; (7) Removal of Harmful Labor Union Practices and Special Privileges. Also Calls for End of Deficit Spending, and More Economy in Government; a Tax System Which Permits and Encourages Accumulation of Savings; and Federal-State Coordination in Combating Unemployment.

The National Association of Manufacturers on Aug. 28 issued a document entitled, "Program for Permanent Prosperity," containing its recommendations for "Full Employment — Plus in America." This document was presented by Ira Mosher, President of the NAM, along with his testimony, to the Senate Banking and Currency Committee, holding hearings on the Murray Full Employment Bill.

Ira Mosher

Expressing the thesis that the great economic problem which faces the nation is to assure that prosperity should last "not for just a few years, but indefinitely and permanently into the future," the NAM criticizes the many proposals to provide the assurance of this as based upon "some form of spending" to offset the bad effects of unfavorable developments upon the volume of employment. Such proposals, states the NAM document, are not adequate. "They are too limited in vision and too short-sighted in their approach to meet the present need."

"We are convinced," continues the statement, "that it is not sufficient merely to have a plan which at most is designed only to offset the unemployment consequences of unfavorable economic developments. Therefore, we urgently request the American public to join with us in demanding a program, a positive and comprehensive program, which will assure that these unfavorable economic developments shall not occur. We are insistent that the future security of the American people individually, and of this nation as a whole, rests, not upon a defensive program of permanent relief, but upon a positive program for permanent prosperity."

"Formulation of such a positive program for permanent prosperity," it is added, "should encounter no serious obstacles at this time. The problem is not how to get post-war prosperity, but simply how to perpetuate the prosperity which clearly is in the offing. This is a problem which is within the capacity of the American public to solve. Aside from international catastrophes and great natural disasters, there are only three developments which can throw our economic system into a depression—only

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SEC Hearings on NASD By-Law Amendments

Securities Dealers Committee Urges Abrogation of New NASD By-Laws

PHILADELPHIA, Aug. 29—A hearing was held today before the Securities and Exchange Commission on the recent NASD by-law amendments which require the registration of salesmen, employees, traders, partners and officers of member firms, and also for the first time permit the Governors of the National Association of Securities Dealers to submit by-laws to member firms which would "provide safeguards against unreasonable profits or unreasonable rates of commission or other charges. . . ."

Commissioners McConnaughey, Pike and Caffrey sat in behalf of the Commission, Commissioner Healy and Chairman Purcell being on vacation.

The Argument

The case in favor of the proposed by-laws was presented by Mr. Thayer of Baker, Hostetler & Patterson, attorneys for the NASD. Amongst other things, he contended that the proposed by-laws were in the public interest, that they were similar to those already in practice on the Stock Exchange and that the Maloney Act contained implied authority which authorized the passage of those by-laws.

Brief addresses in support of the by-laws were also made by B. Earle Appleton of the firm of Pearson, Erhard & Co., Inc., of Boston; Harold L. Lemlein, sales manager of J. Arthur Warner & Co.; Ralph E. Phillips, of the firm of Dean Witter & Co., and John Strawbridge, of Biddle, Whelen & Co., of Philadelphia.

The Opposition

In opposition to the by-law amendments were A. M. Metz and Edward A. Kole, of New York City, attorneys for the Securities Dealers Committee and for 19 members of the NASD and other non-members, with leave to record any additional appearances as they received authorization.

The following are some of the reasons urged by Mr. Kole upon which the opposition of his clients is based.

In substance "the proposed amendments deal with three special propositions: (1) Registration; (2) control of profits, commissions and other charges, and (3) the subjection of registrants (traders, salesmen, etc.) to the same duties and obligations in disciplinary proceedings that now characterize NASD members."

Mr. Kole said that these amendments should have been separately submitted since they involved independent subject matters.

Ballots sent out to NASD members submitted them en

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Views of Comptroller of Currency Regarding Post-War Banking

Preston Delano, in His Annual Report, Urges Banks to Increase Capitalization, to Meet Post-War Credit Needs and Promote Safety. Says Present Function of Handling Nation's Current Funds and Creating Credit for Governmental Use May Change to Extending Larger Commercial Credits in Aid of Reconversion and Full Employment.

Preston Delano, the Comptroller of the Currency, on Aug. 24 made public his 1944 Report to Congress. In his remarks, the Comptroller discussed the present position of the banks resulting from four years of war financing and pointed out that because of the heavy increase in deposits and the prospective increase in risk assets, it is advisable for the banks, as a primary need, to enlarge their capital funds. He stressed the importance of the banks in supplying adequate credit facilities during the reconversion period, to meet the needs of both large and small businesses, but called for "restraint" in any move to extend the operations of the banks into long-term financing or in assuming the risks of directly participating in the ownership of business concerns.

Preston Delano

The complete text of the Comptroller's report follows:

In this, our fourth year of war, I have the honor to report to the Congress that the national banks of the country are in a sound condition, that their resources and powers are being fully utilized wherever needed in the war effort, and that they can be de-

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Full Employment Under S. 380 And the Beveridge Plan

By PALMER HARMAN

Formerly Research Director, American Enterprise Association

Mr. Harman, Though Noting That the Pending Senate "Full Employment" Bill and the Beveridge Plan Are Similar, Calls Attention to the Constitutional Difference Between the British and U. S. Governments That Would Not Permit the Executive Branch of Our Government to Determine the Employment Budget Without Congressional Approval. Sees "Log Rolling" and Regional Conflicts in Setting Up a Budget for Full Employment and Since the Senate Bill Limits Expenditure to Public Works, Says White Collar Workers Will Be Neglected.

Palmer Harman

A great deal of the social legislation enacted or introduced in Congress during recent years has been opposed on the ground that it would destroy free enterprise. Many of those who are not convinced by this argument, or who are indifferent about the fate of free enterprise, find themselves almost automatically in favor of the legislation, since no other weighty objection has been raised. The three most recent Presidential elections may be interpreted in this way. One result has been the passage of a considerable body of second-rate, defective

(Continued on page 957)

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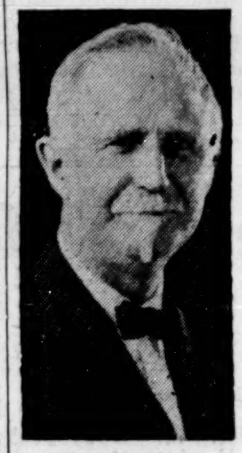
By ROGER W. BABSON

Atomic Bombs Discussed

BABSON PARK, MASS. — World War II is over. Numerous scares may occur in connection with working out details, especially during the Peace Conference when the spoils will be divided amongst the United Nations. I am just as certain, however that these coming threats will amount to nothing, as I was last year when I said: "Germany will collapse next Spring and Japan a few months later." Last week, when the news of Japan's surrender came, I wrote a column for farmers, who I fear will be the greatest sufferers from an economic standpoint. This week I will write for investors.



Roger W. Babson

Securities to Avoid

Considering industry as a whole, peace must be bullish. If destruction and death are bearish, the end of World War II must result in improved fundamental conditions. Of course, certain war industries, such as shipping, aircraft and munitions, face a tremendous readjustment. On the other hand, these stocks have already discounted much of this readjustment. In fact, the stocks of some of these companies are selling for less than the net liquid assets of the companies. However, even this is no assurance that their stocks will not sell at even lower figures than at present.

The industry, which is strictly a war industry, **which has not yet discounted peace** is the railroads. I have already called readers' attention to this; but I again say that railroad stocks and second-grade railroad bonds are selling too high. It is true they may have another good year in "getting the boys home," but they are threatened both by lower earnings and higher operating costs. Railroad securities which paid dividends before the war may be expected to continue to do so. But the "war babies" will soon begin to pass their dividends. I believe the stocks of all railroads—good and bad—will go off in price.

Tax Legislation All Important

Now that World War II is over, Congress should immediately reconvene and repeal the war taxes, especially the greater portion of the excess profits tax. For political reasons I presume all taxes must be reduced somewhat so that all groups will receive some relief. This reduction, however, should be in proportion to their former **increases.** Thus, the excess profits tax could be 80% reduced against a 20% reduction in other taxes and yet all groups would be treated alike.

Unless Congress **very soon** greatly reduces the excess profits tax, many industries will be obliged to shut down, causing much unemployment. Surely the labor situation has now been entirely changed. Already newspaper advertisements, that heretofore asked for more employees, are being pulled out of the papers, while the "Jobs Wanted" columns have begun to increase. Employers need no longer worry about the help situation; but workers may well change their attitude. If you now have a job, give your employer the best service possible.

Atomic Bombs

Now let us consider the possible long-range effects of the new atomic bomb on investments. Briefly these are as follows: The atomic bomb is bearish on downtown city real estate, but bullish on suburban and country property. It is bearish on the airplane manufacturing industry, but bullish on the automobile industry. It is bearish on railroads, but bullish on highway construction. It is bearish upon large department stores, but bullish on chain stores. It is bearish on naval developments, but should help peaceful pursuits. The atomic bomb should aid appropriations for high school and college science courses; but it will kill present plans for compulsory universal military training. It is a warning to investors in public utilities to watch cash book values.

If these atomic bombs are as powerful as the reports indicate, it means that a world organization **with teeth** is absolutely essential to save civilization. The manufacture of these bombs cannot be kept secret. Every nation will know how to make them. There will be bootlegging in atoms! However, even this is bullish and insures world peace for a long time to come, if accompanied by a spiritual awakening. Hence, I am more optimistic today than for many years.

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Dewey Calls for Democratic Economy and Lasting Peace

Attacks "Prophets of Gloom" Who Want to Establish Totalitarian Government. Sees "Largest Volume of Unfilled Needs in Our History" as Basis for Post-War Prosperity. Says We Must Reward Risk Taking.

Governor Thomas E. Dewey, completing a round of inspection and speech-making in Northern and Western New York State, delivered an address at Colgate University in Hamilton, N. Y., on Aug. 25, in which he prefaced his review of the preparations and plans of the State Government for the post-war period, by a plea for optimism regarding the future prospects for the nation's prosperity and by an attack on "the prophets of gloom who want us to forget the things we fought for in this war and establish a totalitarian government here."

Thomas E. Dewey

"We are right now in a sort of period of suspense," Governor Dewey stated. "After every war a nation has to readjust and reorient not only its industry and its agriculture and labor but has to sit down at some stage after a war and readjust all of its thinking and figure out the direction into which it wants to go."

Continuing, Mr. Dewey said: We have just completed the most terrible, the most destructive war in history. It was so overwhelmingly the most terrible experience mankind ever went through that the fundamental and major changes which have occurred in many governments around the world are inevitably resulting in impacts upon our American thinking. We find different kinds of government, different types of economy and different types of approaches to the problem of a prosperous peace. Differing nations and the problems of keeping the world at peace, which everyone recognizes, overshadows every other consideration of mankind in the light of the staggering weapons of war which have been developed these last few years.

There are, of course, many conflicting philosophies. We have just fought a war to establish the principle that freedom is the most precious thing in the world. We have fought it against totalitarian government, which worships the idol of an all-powerful State.

Burden of the War

We have established in this war that free men who know what they are fighting for, who live with the genius of free civilization and its incredible capacities to produce, are more powerful than slave men and that the

(Continued on page 950)

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The Truman Policies

By HERBERT BROWNELL, JR.*
Chairman, National Republican Committee

Republican Spokesman Contends That the Administration Does Not Keep Public Informed Regarding Its Foreign Policy and That Many Americans Look With Deep Misgivings at the World Today. Says Republicans Will Do Utmost to See That American Activities Under United Nations Charter Are Compatible With Our Peace Aims. Calls For Free Elections Abroad and Attacks "Mass Deportations" of Peoples. Hints "Full Employment" Bill Is Inflationary and Calls for a Sound Currency and a System Which Will Make Our Private Enterprise System Work.

I am speaking to you tonight as National Chairman of the Republican Party, a party which polled more than 22,000,000 votes in the last Presidential election, a party now successfully governing 23 States containing more than half the population of the nation, a party which is within striking distance of winning control of Congress. The Republican Party today nationally is the minority party, but it is a very formidable minority.

Herbert Brownell, Jr.

In England the minority party has a right to question the Government leaders on the floor of Parliament and at all times to demand a clear statement of their domestic and foreign policies. The governmental leaders in Parliament by custom give these statements regularly so that the people are well informed on the basic political issues between the two major parties.

In this country no such system is followed. Demands for a clear statement of Government policy are answered only, when and if the Administration chooses to speak. Too often it has chosen not to speak.

The Republican Goal

The Republican goal at this coming session of Congress, therefore, will be to demand a full public statement of Administration policies at home and abroad, and then to point out to the American people the fundamental conflict between certain Administration policies and the Republican policies. In that way the American people can intelligently choose at the 1946 Congressional elections which program will give the fullest measure of peace and prosperity to our country.

Public attention will undoubtedly first be directed to the policies of our Government in the field of international affairs. The Senate has ratified the United Nations Charter which was formulated at San Francisco. We Americans are accordingly embarked upon a new and uncharted course. With the other nations, we have set up the machinery of international cooperation to maintain peace. How that machinery works will depend upon the wisdom of the men who are selected to operate it. The Truman Administration will be accountable

(Continued on page 967)

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*An address by Mr. Brownell, over the National Broadcasting System Network, Aug. 24, 1945.

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Public Utility Securities

New Utility Stocks

Since of last comment on new utility common stocks in the May 3 issue, several new stocks have appeared, or are about to make their appearance.

Associated Gas & Electric has virtually completed its reorganization and the "surviving company," representing a merger of the top holding companies will be known as **General Public Utilities.** The new common stock (about 7,500,000 shares to be outstanding) has an active "when issued" over-counter market around 15½. The pro forma earnings projected to 12 months after consummation of the reorganization plan (based on adjusted operating results for the year ended June 30, 1945, including General Gas) equal about $1.34 a share on the new stock. This includes restricted earnings of $0.26 a share, but it does not include the earnings of an important bus-holding company, Associated Electric (presumably Jersey Central Power & Light is also omitted).

The stock is currently selling at nearly 12 times the pro forma share earnings. Since no excess profits taxes are accrued and a substantial amount of system refunding has already been carried out, prospects for earnings growth may be somewhat slower than for some other holding companies. However, it may be remarked that the consolidated earnings statement for the 12 months ended March 31 (including Associated Electric and Jersey Central) showed earnings nearly $2,000,000 (27¢ a share) in excess of the pro forma net income.

On July 26 the SEC approved the plan of General Gas & Electric (Associated Gas sub-holding company) for recapitalization. Holders of the A and B common stocks would receive for each share $1.65 in cash and one-fifth of a share of Florida Power Corp. common, together with a dividend adjustment. However, consummation of the plan and emission of the new stock will probably have to await a Federal Court order. Trading in Florida Power (when issued) will presumably not be initiated until court approval is secured. Florida Power in the 12 months ended March 31 earned about $1.75 a share on the new common stock, after adjustment for the preferred stock refunding earlier this year.

An important issue which may appear in the over-counter market in the near-term future is **Pennsylvania Power & Light common.** This is the largest subsidiary of National Power & Light, in process of liquidation. A plan for "rearrangement of capital structure" was recently proposed, providing for the sale of additional common stock by Pennsylvania for about $18,000,000, which would be used to reduce outstanding preferred stock. A general refunding program, involving $125,720,000 funded debt and $44,000,000 preferred stock, is also proposed.

A pro forma income account for the 12 months ended June 30, 1945 (see page 27 of the Plan), indicates earnings for the new common stock of $1.10 a share. Based on an estimate that the new stock (with the improved set-up) might sell at between 14 and 15 times earnings, the "when issued" price might be in the neighborhood of 16. Holders of National Power & Light would be entitled to subscribe to the new stock at $10 per share, to the extent of a third of a share for each share of NL, making the estimated value of their rights about $2.

Rockland Gas Company recently came on the market at $26, on an offering of 30,500 shares (the entire amount) by General Water, Gas & Electric through a banking group headed by Butcher & Sherrerd. The company serves gas to a number of communities in Rockland County. Net income on a pro forma basis is $2.08 and the dividend $1.64, making the price earnings ratio 12.6 and the yield 6.33%. These figures are explained by the company's small size.

Western Light & Telephone common stock sells currently over-counter around 4, but in the pending merger-recapitalization plan holders will receive one share of new stock for each five shares now held. This will presumably make the price of the new stock about 20. On a pro forma basis, giving effect to the merger and refunding, share earnings on the new stock are estimated at about $2.20 a share, so that the old stock is currently selling at about 9 times earnings. While the dividend rate in the past has been low it is expected to be more liberal in future—possibly around $1.50 or more on the new stock.

Southwestern Public Service Company has recently separated certain isolated properties (the Jacksonville and Marlin-Mexia groups) which are being acquired by a new company, Southwestern Electric Service. Common stockholders of Public Service are being offered subscription rights for the new stock. New bonds and preferred stock are also being issued and underwritten. Pro forma earnings on the new common stock, according to the preliminary prospectus, might be in the neighborhood of $1 a share. The subscription price is $9.50 and the new issue is being traded over-the-counter around 10½.

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Investment Outlook Factors

By JOHN KALB

**Partner and Manager Investment Research Department,
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Investment Analyst Asserts That "World Is Looking Ahead Towards Improvement, Expansion and Growth." Sees No Major Uncertainties Such as Existed in 1929 or in 1920, Since There Are "Cushions on the Downside to Prevent a Deflationary Spiral." Lists 12 Points of Difference Between Present and Periods Following Former Deflationary Periods.

Outlook for World Expansion

The central point which investment managers and their clients should not lose sight of, now nor during any reactionary period from here on, is that for **the first time in sixteen years,** the WORLD is looking ahead towards improvement, expansion and economic growth. And if what followed the Napoleonic, Civil and World War I is any criterion—and we think it is—then we are destined in the next ten years to see an unprecedented period of peace prosperity in this country and in many other parts of the globe.

John Kalb

The Cushions on the Downside

Early—a long time ago—in the Fall of 1943, we began to stress the factors which made us believe that we were not headed for a major long term vicious depression. In spite of the fact that we can now see a sharp drop in employment and business activity, we do not see the major uncertainties which existed in the 1929 collapse or even in the 1920 depression. We do not see potentialities of a vicious deflation where weakness in one segment of the economy produces weakness in another portion of the economy. While the shorter term speculator may desire and be able to capitalize on the readjustments necessary for the next few months, the existence of cushions on the downside to prevent a deflationary spiral is, we think, of major significance to the income-longer term investor.

We look for uncertainties, yes; but the cushioning background here is of an unprecedented nature. Some of the cushioning forces are:

1. The tax cushion and tax cut expectation. (Almost absent in 1920 and 1929).
2. Unemployment insurance. (Absent in 1920 and 1929).
3. Guaranty of bank deposits. (Absent in 1920 and 1929).
4. Strength of corporate finances. (Considerably improved because of better and more modern management).
5. Savings by individuals. (Unprecedented in amount).
6. Deferred demand for goods. (Unprecedented because of the more encompassing war effort this time).
7. Strength of financial institutions. (War debt being Government rather than private debt implies no institutional failures).
8. More social-minded business, government heads and Congress. (Implies much more spending than in 1920 or 1929, if necessary, towards stability in business, employment and increased work opportunities).
9. Little price inflation. (Price deflationary potentialities much less therefore than in 1920 or 1929).
10. Socialized speculation. (Little need to liquidate governmental debt, unlike private borrowings of 1920 and 1929).
11. No inventory accumulation. (So different from national and international conditions in commodities in 1920 and 1929).
12. Foreign trade very low. (So unlike 1920 and 1929).

We do not say that these factors guaranty no trouble; there must be major shifts from war to peacetime production and employment, and from a stock market point of view, a reaction is

(Continued on page 939)

NSTA Notes

BOSTON SECURITIES TRADERS ASSOCIATION

Lt. Comdr. John L. Shea, Jr., three years in the Pacific, is now associated with his father, at Shea & Company.

Sgt. Carl Levine, after about five years in the service, a good part of it with the Air Force in Europe, is back at the old stand with R. H. Johnson & Co.

Sgt. Russ Potter, of Arthur W. Wood & Co., after several years with the American forces that brought the Germans to surrender, is back on the job. Of the two, he prefers civilian life emphatically.

Lewis McDowell, after a period of building the ships that sunk the Nips, is now associated with J. A. Warner & Co.

Col. Paul Sheeline, after several years with the American Air Force in Africa, Italy, and Germany, is back in Boston and expects his discharge before very long.

Bonner & Gregory to Admit Philip Gossler

Bonner & Gregory, 30 Pine Street, New York City, members of the New York and Chicago Stock Exchanges, will admit Philip Gossler, Jr., member of the New York Exchange, to partnership on Sept. 1. Mr. Gossler has been active as an individual floor broker and was a partner in Vietor, Common & Co.

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Tomorrow's Markets Walter Whyte Says—

Ability of stocks to lift sharply from dangerous lows points to higher prices. Additional lift about 10 points not unlikely.

By WALTER WHYTE

Since the previous column was written the market managed to go up in sufficient strength, and on enough volume, to save itself from what, at times looked like imminent collapse. Even the rails, in which we took a loss, whipped around and shot up from their low points.

* * *

Incidentally taking a loss is never pleasant. But I discovered long ago that it is in taking losses that profits are made. Putting it another way: You buy three stocks. One goes down; the other two go up. The natural impulse is to sell the stocks which show a gain and protect the one with a loss. Frequently one is dismayed to see that the two is-

(Continued on page 953)

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New Head Chosen for Dies Committee

The new head which the House has elected for its committee on un-American activities, at one time known as the Dies Committee, is Representative John S. Wood (D.-Ga.). In reporting the name of the successor to Representative Edward J. Hart (D.-N. J.), who announced recently that he was resigning because of ill health, the Associated Press, in its statement from Washington commented on the fact that Representative Wood had served in the House from 1931 to 1935 and had then dropped out until last year.

He is said to have been recommended for the post by the Democratic members of the House Ways and Means Committee as a compromise after members could not agree on either Representative Henry M. Jackson, Democrat, of Washington, or Representative John S. Gibson, of Georgia. Representative Jackson had backing of Administration leaders, while the acting committee chairman, Representative John E. Rankin, Democrat, of Mississippi, was sponsoring Representative Gibson.

The Associated Press added:

Representative Wood, who is 60 years old and served in the World War as a flyer, immediately promised he would conduct the chairmanship, "fearlessly and fairly and with no attempt at whitewashing or witch hunting."

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'Full Employment Bill' Ineffective

By NORMAN THOMAS*

Leader, Socialist Party of the United States

In a Letter to Senate Banking and Currency Committee, Mr. Thomas, in Protesting Refusal to Grant the Socialist Party a Hearing, Contends That the Senate "Full Employment Bill" Will Be Ineffective Since It Assumes That With a Little Government Aid "Private Capitalism Can Provide Full Employment." Urges "Democratic Socialization" of Banks, Natural Resources and Public Utilities, the Creation of a Full Employment Finance Authority to Lend Money and a 50% Increase in Wages.

Norman Thomas

Senator Wagner's telegram refusing time to the Socialist Party to be heard on the Murray Bill is an extraordinary illustration of a procedure which is most undemocratic and inefficient. For months Congress has had before it this bill and others dealing with problems of reconversion and unemployment. Neither it nor the Administration did anything about them — not until both branches of Government fell into a procedure panic because of a Socialistic victory in Britain and the sudden ending of the war. Then the word goes down that the Murray Bill must be passed, and Senator Wagner, as proved by his telegram to the Socialist Party, organizes a hand-picked hearing. So the ways are greased to put through a bill which cannot possibly accomplish its avowed purpose. Philip Murray, President of the CIO, trots out the familiar bogey man of socialism, which to him apparently means government operation of everything, to speed this bill as an alternative. But you give us no opportunity to explain what democratic socialists really want.

I am reminded of a legislative hearing in Albany back in 1926 when a limited dividend bill was jammed through as a solution of New York's housing problem, and I was denied time to offer a simple mathematical demonstration that the bill couldn't do the job. In the end the law was even more of a fiasco than I had expected. The same thing will be true of this legislation, unless it is drastically amended.

The Murray Bill has two good features. It recognizes that the provision of full employment is a social necessity for a healthy democracy and that it is a legitimate concern of government. It then sets up a job budget to provide a basis for constructive action.

Then the bill breaks down in an extravagant and unrealistic devotion to a miscalled system of free enterprise, better described as private capitalism. It is to be the Government's business to help owners, increasingly absentee owners, to get the profits of going enterprises while the taxpayers support, after some fashion, the victims of the failure of the system to furnish full production and full employment. The bill merely streamlines or gives more official recognition to the unsatisfactory system of subsidizing the unemployed which existed before the war boom. No one has submitted any logical reason to expect better results than we had before.

Gunnar Myrdal, the famous Swedish economist, after long study of American conditions, says that if we reach the relatively high level of 1940 peace-

(Continued on page 947)

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*Letter addressed by Mr. Thomas to the Senate Banking and Currency Committee, Aug. 27, 1945.

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N. Y. Commerce and Industry Group Tops War Loan Quota

Achieving $2,267,352,219, or 148% of its $1,395,000,000 Seventh War Loan quota, the Commerce & Industry Division in Manhattan alone outsold the combined totals of 27 other States, it was revealed by Seton Porter, Chairman of the Commerce & Industry Division. "Our section chairman," Mr. Porter declared, "together with the hundreds of men working with them in the various industry groups, are volunteers, disregarded personal considerations to work night and day in achieving this triumph. These men have done a magnificent service to their country."

Mr. Porter, who is President of National Distillers, Inc., in his final report to William E. Cotter, Chairman of the New York County War Finance Committee, showed the final standing of the various sections as follows: Women's Apparel, $94,521,257; Men's Apparel, $34,797,285; Textiles, $146,215,835; Merchandising, $64,920,292; Commercial and Professional, $202,668,448; Food, $77,270,765; Advertising, $48,279,269; Industry, $1,206,979,379; Building, $24,811,818; Beverages, Wines and Spirits and Tobacco, $157,795,316; Stage, Screen and Radio Affiliates, $17,069,649; Miscellaneous Groups, $1,175,044.

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Bullish Rumor: It is rumored that because of the war's end the Maritime Commission will give up some of their space in 39 Broadway (Broadway Trinity Place Corporation 4½s, 1963). They presently occupy approximately 40% of the space in the building at a rental of about $1.50 per square foot. Comparable space in nearby buildings commands a rental of from $2.00 to $2.25 per square foot. Despite the large amount of space the Maritime Commission occupy with their low rental, in 1945 the building earned enough to pay 3% and operate a sinking fund for retirement of bonds. Any increase in rental for the space they may vacate will reflect to the benefit of the bondholders as they own the building 100%.

Bearish Rumor: It is rumored that a non-inflammable film is being perfected. If true, this may affect the value of the Film Center Building (Film Center Bldg. 4s 1949). This building has practically had a monopoly of space available for motion picture film distributors because of its fireproof vaults for storage of film. Elimination of these requirements will permit other buildings to compete for its tenants.

Bullish Rumor: We hear that the Sherry Netherland Hotel (Sherneth Corporation 3-5¾s 1956) will operate a sinking fund for retirement of its bonds sometime during September. Each bond is traded with ten shares of stock. However, when tendering to the sinking fund, stock is not required. Advantage can then be taken of the separate market of 2½ for the stock.

Bearish Rumor: About 70% of the Broadway Motors Building (Broadway Motors Building 4's 1948) income is derived from the General Motors Company whose lease expires in 1948. The lease was made in 1927 when rentals were much higher than at present. The General Motors Company should be in a good bargaining position to get a large reduction in rent at the expiration of their lease. Some people are of the opinion that they might move out altogether, possibly to a building erected for their exclusive occupancy in Radio City.

Bullish Rumor: Now that the war is over and the Government can concern itself with peacetime activities of the people, we hear that more attention may be paid to possible violations of the Sherman anti-trust law. One of the problems of the moving picture industry is the allocation of moving pictures to certain houses. Many theatres are owned or controlled by moving picture companies and are favored by first run picture of these companies. Other theatres which do not have these connections do not get these pictures until a much later period called "second" or "third run." Two real estate bond issues whose income depends partially on theatres are the Brooklyn Fox Corporation 3s 1957 and the Beacon Hotel 4s 1958. Earlier releases of moving pictures in their properties would materially help the income of the properties. Percentage leases are in effect in both properties.

Bearish Rumor: Leo F. Gentner, acting regional administrator of the Office of Price Administration, is said to have stated that rent controls will be kept at least until June 1946. He is quoted as saying that "the O.P.A. rent control will be just as tough as it ever has been and maybe a little tighter." Wages and operating costs of real estate are going up and a restriction of rent may cause lower net earnings in many properties for the next year.

Bullish Rumor: On September 1st of this year the $2,500,000 New York Title issue N-60 covering the property at 520 Eighth Avenue will be called at par. Certificates of this issue sold as low as 72% this year.

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

"Adams Journal"—a four-page "newspaper" published by Adams & Co., 231 South La Salle Street, Chicago 4, Ill., containing news regarding companies in which the firm is interested and editorial comment on economic and business conditions. This new house organ is printed and written in newspaper style and Adams & Co. expects to publish the "Journal" once a month.

Railroads in the Reconversion Period—study of the outlook for the railroads—McLaughlin, Baird & Reuss, 1 Wall Street, New York 3, N. Y.

Railroad Tax Credit Potentials—study with tabulation of comparative figures—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Wall Street Commentator—a digest of current events in the financial markets of North America, with reviews and analyses of specific situations appearing to have exceptional investment and/or profit possibilities—Bennett, Spanier & Co., Inc., 105 South La Salle Street, Chicago 3, Illinois.

Amalgamated Sugar Company—analytical report—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, California.

Also available are analyses of **P. R. Mallory & Company, Inc., Richman Brothers Company,** and **Trane Company.**

American Forging & Socket Company—Analysis of current position and outlook—De Young, Larson & Tornga, Grand Rapids

(Continued on page 957)

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SEC Rule Permits Floor Trading On Sharply Restricted Basis

Issues New Rules as an Experiment, Which Are Adopted Immediately by N. Y. Stock Exchange, Though Called by Emil Schram "Extremely Drastic."

J. A. Treanor, Jr.

Emil Schram

The Securities and Exchange Commission on Aug. 27, 1945 issued its decision on floor trading. Instead of abolishing altogether floor trading on the New York Stock Exchange and the New York Curb Exchange, as recommended last January by James A. Treanor, Jr., Director of the SEC Trading and Exchange Division, the Commission agreed to permit such trading to continue "experimentally" under new rules and regulations which "will minimize its undesirable features and yet preserve certain asserted benefits." At the hearings on the proposal for complete abolishment, the two leading exchanges had proposed to institute certain rules which, it was claimed, would eliminate the alleged objectionable features of floor trading, but which would allow such transactions to continue, it being strongly maintained that floor trading was essential for stock market stability. Although the new rules promulgated by the SEC are in line with these suggestions, Mr. Emil Schram, the President of the New York Stock Exchange, has characterized them as "extremely drastic," and though introduced on a trial basis, would, in his judgment "remove any conceiva-

(Continued on page 938)

Air Transport and Free Enterprise

By STUART G. TIPTON*

Acting President, Air Transport Association of America

Mr. Tipton, Taking Issue With Donald Conn, of Transportation Association of America, Contends That Competition of the Different Transportation Agencies Is Essential to Avoid Monopoly and Promote Improvements and Progress. Predicts Lower Rates and More Conveniences in Air Travel and Denies That Competition With Rail and Steamship Lines Will Result in Government Ownership. Holds Air Transport Will Bring Additional Trade and More Traffic to Both Rail and Steamships and Promote Free Enterprise.

S. G. Tipton

A speaker appeared before you a few weeks ago urging what we regard as a most extraordinary proposition. He was Donald Conn, the very able Executive Vice-President of the Transportation Association of America. [See "The Chronicle" Aug. 9, p. 618.] His discussion before this group was part of a campaign that the Transportation Association has been carrying on for years in their efforts to convince business leaders that what this country needs is an integrated transportation system.

Eight years ago the Senate Interstate Commerce Committee found that the Transportation Association was a "front" for the railroads, organized by them to carry forward policies that the railroads did not desire to espouse openly. Whether or not this is still true, I do not know, and I can see no reason why that question should be debated here.

For the purpose of this discussion we shall assume that the Transportation Association is precisely what it purports to be and shall discuss only the merits of the integrated transportation systems that this group has so earnestly advocated.

Competition in Transportation

Bluntly, the proposition put forward by that association is that we eliminate competition from the transportation field, particularly between the major forms of transportation: railroads, airlines, busses, trucks, waterways, pipe lines.

In its stead, there would be set up an "integrated" system by which the airplane, the steamship, and the rail coach would contentedly graze in the same pasture, their security guaranteed, with not a worry in the world. No gray hairs would come to transportation executives, no high

(Continued on page 956)

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*An address by Mr. Tipton before the Aviation Section of the New York Board of Trade, New York City, Aug. 24, 1945.

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number one hundred of a series.*
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"O Folly, O Madness!"

A once famous theologian, St. John Chrysostom, patriarch of Constantinople, has been getting considerable publicity in these late days. The learned patriarch lived in the fourth century A.D. (347?–407) and that's a long time ago. The world has seen many changes since the fourth century but apparently human nature is quite the same today as it was then.

About a year and a half ago we had a little piece in this Schenley column about the ancient philosopher, because he believed in the power of human beings to exercise restraint. Restraint was necessary then, it seems, as it is necessary today. We quoted from one of his writings, and last week we saw the very same quotation in one of our most important weekly news journals. And then we saw it again a few days later in another publication.

Here is what he said in answer to the then (as now) hue and cry on the part of reformers against "deplorable excesses":

"O folly, O madness! When men sin you find fault with the gifts of nature. Is it the wine, O man, that causes this abuse? No, it is not the wine, but the intemperance of those who find an evil delight in abusing it. If you shout, 'Would there were no wine,' you should add 'Would there were no iron, because of murderers; would there were no night, because of thieves; would there were no light, because of informers.' In this manner you might destroy everything."

We requote the above because we read an ad this morning with a big heading, "THIS SUMMER—DON'T GET BURNED TO A CRISP." It advertised a sun tan lotion and we pondered that the sage might have added to his statement—"Would there were no SUN, because of sunburn."

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The Truman Policies

(Continued from page 933)

for making the machinery work insofar as it lies within the power of America to do so.

To Scrutinize World Charter

It is now an obligation of the Republicans to scrutinize every act of the Administration taken pursuant to the United Nations Charter. If those acts are imprudent we shall call that to the attention of the American people. If necessity arises we shall make constructive suggestions for carrying out American policy under the Charter. But, above all, we shall do our utmost to see to it that American activities under the United Nations Charter are compatible with the purposes for which the American people fought this war.

Many Americans look with deep misgiving at the world today. We see a large section of Europe shrouded in ominous mystery. We see whole nations in which American Government officials, despite the advent of peace, are restrained in their activities, and where the American press and radio have not yet been permitted to send representatives and report freely. These are areas where millions of Americans had their origin, and where they are vitally interested for the well-being of their parents and relatives. In spite of promises made in the Potsdam declarations there appear to be no substantial improvements realized in these important matters. Does the Administration intend to press for improvement and for the realization of these American hopes in the United Nations organization when the Assembly and Security Council convene? We trust that the Administration will soon give some assurances in these matters to the American people.

Problems in Europe

We Republicans are concerned as well for the political future of these areas abroad. Shall we see the realization of *our* understanding of free elections and the expressed will of the peoples? Or shall something quite different, but under the same names, be carried out?

As we view the mass deportations of people and large transfers of territory being made, evidently with the acquiescence of the Administration, we remember that similar acts in history resulted in the sowing of seeds of rancor. Particularly have we felt that where a people have maintained their culture in an area for centuries, the uprooting of these peoples and their culture has left hatred and the urge to revenge in its wake.

Foreign Loans

We wonder about the scope and import of our manpower and fiscal commitments abroad. Are those commitments such that our boys are to be drafted to police foreign countries and, if so, how many of them? As near as can be figured from the very indefinite information given us, without including any lend lease sums, and without counting costs of our armies of occupation, the fiscal commitments abroad of the United States Government already are in the neighborhood of 10 billions of dollars. Of this amount 3⅓ billions are to be channeled through the Export-Import Bank, another 3 billions or more through the newly-created International Bank, still another 2¾ billions through the International Monetary Fund and at least 1⅓ billions through the United Nations Relief and Rehabilitation Authority. These commitments total over 10 billions—not millions—of dollars.

How can any intelligent tax reduction program be framed without more information on this score? We would like to know how these fragments of lending fit into a general picture. We should like to be reassured that the Administration is accepting these colossal obligations as part of a matured plan, and not as a day by day improvisation of our economic-fiscal relationships with the rest of the world.

These questions are not asked in any quarrelsome attitude, or with any destructive intent. They are basic to the future welfare of our country. Any opposition or minority party which did not demand the answers to them would be failing its duty to the American electorate. Of course we are told that some of the answers to these questions are necessarily delayed by the changes of personnel being made in some governmental departments and the systematic dismissal of appointees of the late President F. D. Roosevelt which seemingly is being carried on. Nevertheless the answers must be forthcoming soon if reconversion is to be accomplished with a minimum of human suffering and economic dislocation.

The Pacific Area

Still other questions in the international field remain to be answered. What will happen in the Pacific area? More than for any area in Europe our nation is pledged to the territorial integrity of China. Our Government spokesmen for the past 15 years have been particularly insistent that the Province of Manchuria is Chinese and must so remain. Shall we find that as a result of this war China's sovereignty over this area has been impaired or destroyed?

The Big Three have met by twos and threes repeatedly at Quebec, at Cairo, at Teheran, at Yalta and at Potsdam. The Administration leadership has told us only what they chose about their decisions, and some of the telling has been belated. And yet these decisions are almost irrevocable. Make no mistake about it, however much these rulings may seem to be subject on paper to decisions by a future peace conference, all the influence of our powerful nation cannot undo them after our President has acquiesced. All that a peace conference can do in respect to Germany will be to write down what has already been decided, except in minor details. They told us at Potsdam and Teheran and Quebec and Yalta various questions were raised and various agreements reached. What were the questions which remain unanswered? What were the problems upon which no agreement was found? You have not been told and neither has your Congress. We have not yet been told the terms of the Italian armistice concluded in the autumn of 1943. The Senate of the United States has not passed upon these decisions, the people of the United States have not been given an opportunity to voice their views. Some day, when the time is ripe, the people of this country will hold the Administration to strict accountability.

Such are some of the thoughts in the hearts of thinking Americans. We hold that this war was fought to defend our nation, and to bring about, so far as in us lies, freedom for the individual and free development of governmental processes abroad which are consistent with the principles upon which our Republic is based. Therefore, we are bound to see to it that the Administration never loses sight of the purposes for which our boys were fighting. We shall urge incessantly and insistently that the great influence of this country be brought to bear for the achievement of these American ideals.

Conflicting Domestic Views

In the domestic field we find there is a fundamental conflict between many of the basic views of the Administration in power and the views of Republicans. The nature of these differences and the reasons for them constitute a field for essential study by the American people. Every major bill in Congress must be measured against their background.

Both parties appear to agree that a most pressing national need is to get industry into full peacetime production without unnecessary delay and anxiety or idleness for the unemployed. The Republican Party believes that the best way to get the greatest employment opportunity for all of our citizens is by encouraging full production under a system of creative private enterprise. We believe that if Government economic and fiscal policies are sound, private enterprise can furnish the jobs to assure a period of unparalleled prosperity. Accordingly, our obligation as the opposition party is to examine the Administration's domestic proposals to see if they interfere with the coming of that prosperity.

Full Employment Bill

The Administration has already indicated that Congress "must" pass the so-called Murray Full Employment Bill. The obligation of the Republican Party will be to consider whether this bill hinders, instead of aids, employment under a system of private enterprise. Let us see what the New York "Times" says editorially about this bill—and I quote:

"When we look at the Murray Bill, however, we find that in spite of the disclaimers written into it, it rests essentially upon a basic distrust of private enterprise. It rests essentially on the assumption that private enterprise, left to its own devices, cannot provide sufficient employment. It rests essentially also, again in spite of its disavowals, on the assumption that whenever there is unemployment the basic cause is an insufficiency of private spending, and that the basic cure is a huge program of Government spending to make up the difference.

"Thus," continued the editorial from the New York "Times," "in spite of the fact that, through the terrible necessities of war, we have been running a deficit in the neighborhood of 50 billion dollars a year, in spite of the fact that we have accumulated an unparalleled national debt of 262 billion dollars, in spite of the fact that billions of dollars of purchasing power are still unused in the hands of the public, in spite of the fact that official agencies still insist on holding down prices on the ground that existing purchasing power would bring about inflation, the Administration is preparing to try to rush through Congress a bill 'to give employment' by methods that would intensify inflation."

Safeguard to Dollar

Of what use will it be to talk of full employment, of jobs, if the dollars to be paid for groceries and rent shall not be *sound?* Up to July 9 Government savings bonds, we are told, had been sold to 85 million persons. We want those bonds repaid in *sound* dollars. The Republicans, therefore, shall insist upon a Government fiscal policy which will *make* for *sound* dollars and Republicans will oppose the policy of continued peacetime deficit spending.

There is a fundamental conflict between Republicans, who really believe in making our system of private enterprise work, and those in the opposite political camp who only *say* they do, while they continue to vote for measures which will lead to some form of Government control and manipulation of our whole economic structure, already the pattern in much of the world.

A nation cannot engage in two devastating wars within a brief period, depleting its resources and incurring hundreds of billions of dollars in debts, without serious consequences. The American people know that the preservation of our institutions and the welfare of our country, of our citizens, of our returning soldiers and sailors, of our children, our entire future, challenge our political leaders to give the highest type of leadership—not to one bloc or pressure group, but to the entire nation. The Republican Party has accepted that challenge, and with the support of all right-thinking American citizens, our nation shall live through to a glorious future.

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The Federal Corporation has been formed with offices at 30 Broad Street to engage in a securities business. Officers are Frank W. Bennett, President; Edwin G. Ringrose, Vice-President and Treasurer, and Frances E. Dreyer, Secretary. Mr. Ringrose is proprietor of E. G. Ringrose Co.

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SEC Rule Permits Floor Trading On Sharply Restricted Basis

(Continued from page 936)

ble advantage which the floor trader may be presumed to have over public customers of our member firms." Acting immediately on the SEC decision the Board of Governors of the New York Stock Exchange has issued to members the recommended changes in the trading rules. These rules are printed in detail below.

Commission "Not Convinced"

In announcing its decision not to prohibit floor trading during an experimental period under new regulations, the SEC stated:

"We have reviewed the information available to us . . . including the discussions subsequent to the conference of May 16, and are satisfied that floor trading as now conducted gives an undue advantage to floor traders over the public; that frequently it accelerates market movements and accentuates fluctuations in particular securities or groups of securities; and that more often than not it detracts from the stability of the market. We are convinced that it is essential to make effective as soon as practicable regulation that will minimize or eliminate those influences of floor trading which impair the stability of the market.

"The New York Stock Exchange has urged us, in lieu of abolishing floor trading at this time, to afford it the opportunity to apply certain regulations which it believes will minimize the undesirable features of floor trading, yet preserve certain asserted benefits. The New York Curb Exchange has expressed its desire to put similar rules into effect.

"The proposed rules would generally require floor traders who have acquired a position by purchasing stock on a price rise or selling on a decline to hold that position until the beginning of the second succeeding trading day; they would prohibit members on the floor from availing themselves of the privilege of 'stopping' stock unless the stock is 'stopped' against the order of another member; and they would terminate the existing privilege of members on the floor, while acquiring a position in a security, of claiming priority over a public order at the same price either by the toss of a coin or by reason of the greater size of his order.

"We are not convinced that it is impossible to devise measures more effective than these to minimize the undesirable effects of floor trading and permit the realization of whatever contribution it might make to market stability. Nevertheless, we believe that a prohibition of the kind proposed by our staff should not be imposed until the Exchanges, which now have recognized that floor trading gives rise to problems that require regulation more drastic than any heretofore attempted, are given a reasonable opportunity to demonstrate whether it is feasible for them to eliminate the abuses that have been associated with floor trading in the past. We propose to give them that opportunity.

"Accordingly, we shall withhold action at this time on our staff's proposal and shall permit the Exchanges to put into effect experimentally the rules which they have suggested. We shall continue to study the operation of floor trading during the trial period in which these rules are in effect. The Exchanges have undertaken to do the same. We shall review the operation of these rules with the Exchanges at frequent intervals and will recommend any changes in the rules which our studies indicate to be necessary for effective regulation. We shall also consider any modifications the Exchanges may recommend as likely to improve the effectiveness of their regulation. If at any time it becomes evident to us that the Exchanges' rules, either in the form now proposed, or as they may be modified, are inadequate for the effective regulation of floor trading, we shall reconsider the recommendations of our staff, or any appropriate modification of those recommendations, and take such action as, in our opinion, will provide an adequate solution of the problems created by floor trading."

Mr. Schram's statement regarding the new regulations issued on Aug. 28 stated:

"Pursuant to an understanding with the Securities and Exchange Commission, the Board of Governors of the New York Stock Exchange at a special meeting today, ordered that additional rules relating to trading by members for their own account on the floor of the Exchange be put into effect at the opening of business on Wednesday, Aug. 29.

"The rules now promulgated are extremely drastic. They are being introduced on a trial basis in order that the Exchange and the Commission may appraise their effectiveness in actual operation and under varying market conditions.

"The additional restrictions with which floor trading will now be surrounded will remove, in my judgment, any conceivable advantage which the floor trader may be presumed to have over public customers of our member firms. As a matter of fact, I believe that the floor trader, on the whole, will be at a definite disadvantage; but only an adequate test will determine the net effects.

"The Commission and the Exchange, acting in a cooperative spirit, have agreed upon what I consider to be a pratcical approach to the solution of any problems which the floor trader function may present. The Exchange's sole objective is to preserve the benefits to the investing public of floor trading, in terms of continuity and liquidity in our market."

The Secretary's Office of the New York Stock Exchange, in a circular (C-7256) dated Aug. 27, notified its members of the new regulations as follows:

To the Members of the Exchange:

The Board of Governors at a meeting on Aug. 27, 1945, determined that the following Rules which it has adopted regarding Floor Trading are to become effective on Wednesday, Aug. 29, 1945:

Rule 372. (a) No bid or offer made by a member or made on an order for stock originated by a member while on the Floor to establish or increase a position in such stock for an account in which such member has an interest shall be entitled to parity with a bid or offer made on an order originated off the Floor.

(b) No bid or offer made by a member or made on an order for stock originated by a member while on the Floor to establish or increase a position in such stock for an account in which such member has an interest shall be entitled to precedence based on size over a bid or offer made on an order originated off the Floor.

(c) The provisions of paragraphs (a) and (b) shall not apply to bids or offers made:

(1) by an odd-lot dealer in a stock in which he is registered as an odd-lot dealer;

(2) to offset a transaction made in error;

(3) for bona fide arbitrage;

(4) pursuant to a limit order given to the specialist in that stock.

Rule 373. (a) The privilege of "stopping" stock shall not be accepted by a member for an account in which such member or another member has an interest.

(b) The provisions of paragraph (a) shall not apply with respect to:

(1) an order originated off the Floor;

(2) an odd-lot dealer in a stock in which he is registered as an odd-lot dealer;

(3) a transaction made to offset a transaction made in error;

(4) a bona fide arbitrage;

(5) a "stop" from another member acting for an account in which such other member has an interest.

Rule 374. (a) No member who while on the Floor of the Exchange initiates for any account in which he has an interest a purchase or purchases of stock at:

(1) a price higher than the last sale, i.e., a "plus tick", or

(2) the same price as the last sale if such price is above the next preceding different price, i.e., a "zero plus tick",

shall sell, except at a loss, any of such stock in any account in which he has an interest until the second succeeding trading day.

The provisions of this paragraph shall also apply to stock which was purchased on a "minus" or "zero minus tick" where such purchase is followed on the same day by a purchase of such stock on a "plus" or "zero plus tick."

(b) No member who while on the Floor of the Exchange initiates for any account in which he has an interest a sale or sales of "long" stock at:

(1) a price lower than the last sale, i.e., a "minus tick", or

(2) the same price as the last sale if such price is below the next preceding different price, i.e., a "zero minus tick",

shall buy any of such stock for any account in which he has an interest until the second succeeding trading day.

The provisions of this paragraph shall also apply to stock which was sold on a "plus" or "zero plus tick" where such sale is followed on the same day by a sale on a "minus" or "zero minus tick".

(c) The provisions of paragraphs (a) and (b) shall not apply to transactions made:

(1) by a specialist in a stock in which he is registered as a specialist to maintain a fair and orderly market in accordance with Rule 365;

(2) by an odd-lot dealer in a stock in which he is registered as an odd-lot dealer;

(3) to effect or facilitate a distribution of securities, if such transaction is made pursuant to Regulation X-9A6-1 or if such transaction and such distribution are made pursuant to the approval of the Exchange;

(4) to cover a "short" position;

(5) to offset a transaction made in error;

(6) for bona fide arbitrage;

(7) with the prior approval of a floor official to permit the member to contribute under unusual circumstances to the maintenance of a fair and orderly market.

EXPLANATORY MATERIAL

Information Regarding Rule 374— Floor Trading

A Floor Trader who is "long" stock and then purchases additional shares of that stock on a "plus" or a "zero plus tick" cannot sell any of that issue until the second succeeding trading day.

A Floor Trader who purchases stock on a "minus tick" and then purchases stock on a "plus" or "zero plus tick" cannot sell any of that issue until the second succeeding trading day.

A Floor Trader who purchases stock on a "plus" or "zero plus tick" and then purchases stock on a "minus" or "zero minus tick" can sell only the stock he purchased at the "minus" or "zero minus tick" before the second succeeding day.

A Floor Trader who sells "long" stock on a "minus" or "zero minus tick" cannot repurchase any of that issue until the second succeeding trading day.

A Floor Trader who sells "long" stock on a "plus" or "zero plus tick" and then sells more "long" stock on a "minus" or "zero minus tick" cannot repurchase any of that stock until the second succeeding trading day.

A Floor Trader who sells "long" stock on a "minus" or "zero minus tick" and then sells more "long" stock on a "plus" or "zero plus tick" can repurchase only to the extent of his sales at the "plus" or "zero plus tick" before the second succeeding trading day.

These changes will be provided for in revised pages of the Directory and Guide and included in Supplement No. 334.

Inquiries in regard to this circular should be made of the Department of Floor Procedure, HAnover 2-4200, Extensions 202 and 204.

JOHN C. KORN,
Acting Secretary.

Three New Members of Chicago Stock Exch.

CHICAGO, ILL.—Meyer Field of Chicago, Arthur S. Grossman, partner of Straus & Blosser of Chicago; Robert S. Karger, partner of Rothschild & Co. of Chicago, and Hugh D. MacBain, Vice-President of Mellon Securities Corporation of Pittsburgh, Pa., were elected to membership in the Chicago Stock Exchange by the Board of Governors, it was announced today.

With the election of Mr. MacBain to membership, Mellon Securities Corporation becomes the twenty-eighth member corporation of the Exchange.

J. J. O'Connor & Co. Forming in Chicago

CHICAGO, ILL.—J. J. O'Connor & Co. is being formed with offices at 135 South La Salle Street to engage in a securities business.

Alwood Company Formed

CHICAGO, ILL.—Herbert Vivian Woodson and Alice M. Woodson have formed Alwood Company, with offices at 6716 Blackstone Avenue, to engage in a securities business.

TRADING MARKETS
Chicago & Southern
Mid-Continent
Airlines

KITCHEN & CO.
135 South La Salle Street
Chicago 3, Ill.
Tel. STAte 4950 Tele. CG 573

Lehman Bros. to Admit Bunker as Partner

Lehman Brothers, 1 William Street, New York City, members of the New York Stock Exchange, has announced that it proposes to admit Arthur H. Bunker as a general partner of the firm as of Sept. 1.

Arthur H. Bunker

Mr. Bunker, formerly Chief of Staff of the War Production Board in Washington, served for four years in that organization and its predecessors. He was successively Chief of the Aluminum and Magnesium Division., Vice-Chairman of Metals and Minerals, Deputy Executive Vice-Chairman and finally Chief of Staff of the War Production Board, before leaving Government service last December.

Mr. Bunker is the son of the late George R. Bunker, founder and President of the National Sugar Refining Company. He graduated from Yale University, Sheffield Scientific School in 1916, and served as a naval officer in the first world war. Subsequently he became President of the Radium Company of Colorado. He founded and was President of the United States Vanadium Company, which was later acquired by the Union Carbide & Carbon Corporation. Mr. Bunker was prominently identified with the financing and development of the Potash Company of America, the largest producer of potash in the world.

In 1929 Mr. Bunker joined the Lehman Corporation as Vice-President and Director, and continued in that association until he went to Washington in 1941 to take charge of the Aluminum & Magnesium program of the War Production Board.

He is a director of a number of industrial corporations.

Gordon Meeks & Co. Add McDonnell and Reddoch

MEMPHIS, TENN.—Gordon Meeks & Company, First National Bank Building, announce that C. Lewis McDonnell and James N. Reddoch have become associated with them.

Announcements
of personnel and office location changes deserve care in preparation. We will be glad to suggest appropriate forms suitable for such advertisements.
Consultation invited
Albert Frank - Guenther Law
Incorporated
Advertising in all its branches
131 Cedar Street New York 6, N.Y.
Telephone COrtlandt 7-5060
Boston Chicago Philadelphia San Francisco

We have prepared a memorandum on
MIDLAND REALIZATION
and
MIDLAND UTILITIES COMMON
Copies available upon request

DOYLE, O'CONNOR & CO.
INCORPORATED
135 SOUTH LA SALLE STREET
Telephone: Dearborn 9600 Teletype: CG 1200

Investment Outlook Factors

(Continued from page 934)

definitely in order, considering the gains of the past three years. We do say, however, that the cushions imply no spiral on the downside, in that they remove fear of uncertainties. This we think will be a major sustaining influence for many investment type securities.

The Short Term

There is no question but that we face temporary difficulties. It is possible (and we hope probable) that the averages will come down 20 or 25 points from the highs of last June before we are ready to aim at higher levels. Even if such a readjustment occurs, the cushions outlined above, particularly the large deferred demand, justify investors taking a selective investment approach at present, i. e., revising portfolios, purchasing some securities now, deferring purchase of others, and switching from some.

We have for some time suggested cautious investment programs. We have in our individual company reports and introductions, preferred over the past year and a half to suggest commitments in high yielding, senior securities or defensive type of common stocks. We have become almost tired of suggesting the same type of defensive switches and, in some cases, "fell for" some more glamorous yield in a junior rail or two.

"Observations" is continuing this policy and will, from a short term point of view, suggest a somewhat defensive policy. For purely defense (income and some appreciation) purposes, we will recommend the following issues which are largely the switch suggestions made during the past six to nine months:

American Gas & Electric
American Water Works (a new addition)
Chase National Bank
General American Transportation Corp.
McKesson & Robbins, Inc.
Parke, Davis & Co.
duPont de Nemours (E. I.) & Co.
North American Co.
National City Bank
American Steel Foundries
Lorillard (P.) Co.
National Lead Co.
Burroughs Adding Machine Co.
Hercules Powder Co.

Classification of Industries

For the benefit of those who may now be in the process of formulating new investment stock programs, we would make the following industrial classification:

1. BUY HERE

	FACTORS OF EMPHASIS BEHIND RECOMMENDATION				
Industry—	Secular Growth	Cylical.	Deferred Demand	Defensive	Large Tax Change Beneficiary
Chemicals	+	--	--	--	+
Food	+	--	--	+	+
Banks	--	--	--	+	+
Tobaccos	--	--	--	+	+
Canning	--	--	+	--	+
Utilities	--	--	--	+	+
Wallboard	--	+	--	--	--
Chewing Gum	--	--	--	+	+
Shoe Mfg.	--	--	+	--	+
Credit Cos.	--	+	+	--	+
Office Equipment	--	+	+	--	--
Advertising	+	--	+	--	--
Publishing	+	--	+	--	+
Sporting Goods	+	--	--	--	--
Sugars	--	--	+	--	--
Musical Instruments	+	--	--	--	--
Printing Ink	+	--	+	--	--
2. BUY IN MODERATE FURTHER REACTION					
Rubbers	--	--	+	--	--
Brass	--	--	+	--	--
Steels	--	--	+	--	+
Machinery	--	--	+	--	--
Beverage	+	--	--	--	+
Mail Order	--	--	+	--	+
Drugs	+	--	--	--	+
3. DEFER PURCHASE FOR SOME MONTHS					
Agricultural Equipment	--	--	+	--	--
Air Transport	+	--	--	--	--
Auto Mfg.	--	--	+	--	--
Electrical Equipment	--	--	+	--	+
Movies	+	--	--	--	--
Oils	--	+	--	--	--
Railroad Equipment	--	+	+	--	+

Note—We like some of the above groups but have placed them, particularly autos, agricultural and electrical equipment and air transport, in this Deferred Purchase Division because they have, we feel, on a price basis temporarily overdiscounted their prospects. In the case of movies and oils, we want to see what happens in their individual positions.

CONTINUOUS INTEREST IN:
THE SECURITIES OF
Le Roi Co.
Koehring Co.
Nekoosa-Edwards Paper Co.
Wisconsin Power and Light Co.
Compo Shoe Machinery Corp.
Wisconsin Electric Power Co.
James Manufacturing Co.
Standard Silica Co.
National Tool Co.
Northern Paper Mills Co.
Wisconsin Pub. Serv. Corp.
Hamilton Mfg. Co.

LOEWI & CO.
225 EAST MASON ST. MILWAUKEE (2), WIS.
PHONES—Daly 5392 Chicago: State 0933 Teletype MI 488

We have a continuing interest in the following:

American Barge Lines Co. Common
American Service Co. $3.00 Part. Pfd.
Anheuser Busch Inc. Capital
Bausch and Lomb Optical Co. Common
Consolidated Gas Util. Corp. Common
Hydraulic Press Mfg. Co. Common
Mastic-Asphalt Co. Common
New Jefferson Hotel Co. 4-6% Bonds
(ST. LOUIS)
Textron Inc. Common and Warrants
Trailmobile Co. Common
Western Light & Telephone Co. Common

Stifel, Nicolaus & Company
INCORPORATED
Founded 1890
Chicago St. Louis

A. G. Becker & Co. Offers Ashland Oil Debentures

An underwriting group headed by A. G. Becker & Co., Inc., is offering today (Aug. 30) at par, $5,000,000 Ashland Oil & Refining Co. 20-year 3% sinking fund debentures, due 1965, the proceeds of which will be used to retire a $3,750,000 note held by an insurance company, and to increase working capital. The company's business has been expanding and it is engaged in a program of adding to its crude oil reserves.

Ashland Oil is one of the principal figures in the petroleum industry in the Ohio Valley, with producing wells in Eastern Kentucky and in the Illinois Basin comprising parts of Illinois, Indiana and Western Kentucky. The principal refining plant is at Catlettsburg, Ky. A large refinery was built for Defense Plants Corporation last year adjacent to that of the company, and has been operated under lease by Ashland for the manufacture of high octane aviation gasoline. With the end of the war and termination of this operation, Ashland is now negotiating with the RFC for purchase or long-term lease of such of the facilities as are suitable for producing commercial grades of gasoline.

Monongahela Power Co. Securities Publicly Offered

A banking group headed by W. C. Langley & Co. and The First Boston Corp. on Aug. 24 offered $22,000,000 first mortgage bonds, 3% series due 1975 and 90,000 shares of 4.40% cumulative preferred stock (par $100), of Monongahela Power Co. The bonds were priced at 102½% and accrued interest and the stock was priced at $103.50 a share and accrued dividend. The prooeeds of the securities together with $4,000,000 secured through bank loans, will be used to refund existing bonds, debentures and 7% cumulative preferred stock.

INQUIRIES INVITED
Motorola
GALVIN MFG. CORP.
Common Stock

HICKEY & CO.
Field Bldg., Chicago 3
Randolph 8800 CG 1234-5
Direct wire to New York

ACTIVE TRADING MARKETS
***National Terminals Corp.**
Common & Preferred
Franklin County Coal Corp.
Common & Preferred
***Howell Elec. Motors**
Interstate Aircraft & Engineering Corp.
Common
***American Service Co.**
Preferred, Class "A" & Common
Mohawk Liqueur Corp.
Common
*Circular on request

ADAMS & CO.
231 South La Salle Street
Chicago 4, Illinois
Teletype CG 361 Phone State 0101

TENNESSEE PRODUCTS CORP. 8% PFD.
PAR VALUE $5.00 - - - - - - - CALL PRICE $5.25

BUSINESS: Manufacturers and producers of basic materials for industrial activities at its four plants in Tennessee. Company owns large amounts of raw materials including coal, iron and timber located on 148,000 acres owned in fee. In addition, company supplies gas to the City of Chattanooga and its suburbs under contract.

EARNINGS: $1.57 per share in 1944 or 3.9 times preferred dividend requirements.

DIVIDENDS: Paid regularly, quarterly JAJO 1 since issuance in 1943 at which time this stock was exchanged for 50% of the company's old common stock.

PRICE TO DEALERS 5⅛

RILEY & COMPANY
FIRST WISCONSIN NATIONAL BANK BLDG.
MILWAUKEE 2
Daly 6500 Teletype MI 260

CANADIAN BONDS

GOVERNMENT
PROVINCIAL
MUNICIPAL
CORPORATION

CANADIAN STOCKS

A. E. AMES & CO.
INCORPORATED

TWO WALL STREET
NEW YORK 5, N. Y.

RECTOR 2-7231 NY-1-1045

CANADIAN
BANK STOCKS

Bought—Sold—Quoted

•

CHARLES KING & CO.
Members Toronto Stock Exchange
61 Broadway, New York 6, N. Y.
WHitehall 4-8980

Canada's Transition Less Severe Than United States or Britain

The impact on Canada's national economy of the transition from wartime to peacetime production promises to be less severe than it will be in either the United States or Britain, in the view of the Bank of Montreal as expressed in its business summary released for publication Aug. 23. The bank observes that on V-J day, war production had already been curtailed to about 60% of the 1944 peak. It is added that the 900,000 workers formerly engaged in war production had then been scaled down to 650,000 and have since been further reduced to below 230,000. The supply of workers is today estimated to be at least 100,000 short of the demand for current needs only, without taking account of an extensive controlled backlog of industrial and public construction and development.

The Bank reveals that the Dominion Government, recognizing the importance of uranium ores in the development of atomic energy, is now arranging for the organization of 20 prospecting parties to search for fresh uranium deposits in the Great Bear Lake area in which the original source was found.

Business Man's Bookshelf

Cartels, a Phase of Business "Haute Politique"—Theodore J. Kreps, Stanford University—Reprinted from American Economic Review Proceedings—paper.

Report on Problems and Attitudes of Small Business Executives—compiled by the National Conference of State University Schools of Business—paper

Canadian Securities

In matters relating to Canadian Government, Municipal and Corporation investments, the facilities of our organization in New York, Canada and London, England, are available.

Bond offerings furnished upon request.

Wood, Gundy & Co.
Incorporated
14 Wall Street, New York 5
Bell System Teletype NY 1-920

Canadian Securities

By BRUCE WILLIAMS

The curtain falls in an abrupt fashion, utterly devoid of ceremony and applause, on what has been eloquently described as the most generous act in the history of this country. It is futile to delve too deeply into its spiritual aspects beyond paying tribute to the tremendous constructive role played by Lend-Lease at one of the most critical stages in world history.

How Britain will bridge the gap is open to speculation. Her outstanding foreign indebtedness is already too burdensome for any hope of settlement on an orthodox basis. The only practical course is by means of increased exports. But British industry can not be reconverted overnight from a war to a peacetime basis. And the internal commitments of Britain's new Labor Government further obscure the outlook for expansion of her foreign markets.

However, dispassionate analysis reveals that this country cannot afford indefinitely to dissipate its natural resources on the scale necessitated by the exigencies of war. The termination of Lend-Lease can have salutary results. The British people, at their best with their backs against the wall, will now look aggressively for a way out of their economic ills. The path towards a solution moreover lies within the bounds of the British Commonwealth and Empire, and the brightest jewel in the British Crown is the Dominion of Canada.

A new outlook on the possibilities of closer economic collaboration within the Commonwealth is now likely to develop. The old order has changed. Today Canada is in a position to take her place as an equal partner with the Mother Country.

The British Isles with a population too great to be maintained on the domestic resources has an obvious outlet in Canada, whose vast empty spaces, tremendous material resources and unique geographical position, only require the manpower and skills which are redundant in Britain, in order to create within the Dominion a first rate industrial power. Such development would be not only beneficial to the British and Canadian peoples but should strengthen the economic fabric of world trade.

Turning to the market for the past week, as far as activity was concerned, the period could almost be written off. Turnover was negligible in high grades with little price movement. The reaction in Albertas continued with prices levelling out at about 3 points below their recent highs. Internal bonds were inactive and free funds were on the weak side at 9⅝%, although routine demand was on a slightly larger scale.

Internal stocks previously favorably mentioned, notably C. P. R. and Consolidated Smelters were in good edmand, and their peace-time prospects in no way impair their attractiveness for investment. Yellowknife golds also staged a recovery and there is little doubt that this new Far North Canadian mining district has come to stay.

With regard to future prospects, the end of the holiday period should see a revival of investment demand especially as the details of the new Victory Loan completely remove all doubts as to the continuance of the war-time pattern of low interest rates. Canadian securities which make favorable comparison with domestic issues should participate fully in any resumption of activity. It must be remembered, however, in respect to internal bonds, that there should now be more frequently recurring opportunities for the purchase of cheap exchange.

Jet Helicopter Corp. Stock on Market

An issue of 35,000 shares of capital stock (par $1) of the Jet Helicopter Corp. is being offered at $2.50 per share by E. M. North Co., 42 Broadway, New York. The shares are offered as a speculation. The corporation was incorporated in Delaware July 11, 1945 for the purpose of developing and subsequently manufacturing helicopters designed by Stefan Czarnecki and Witold Brzozowski. Mr. Czarnecki is a graduate of Institut Superieur Technique et Colonial de Liege, Belgium.

James M. Toolan & Co. To Open in New York

James M. Toolan & Co. is being formed with offices at 67 Wall Street, New York City, to engage in a securities business. Partners are James M. Toolan and Harold B. Platt. Mr. Toolan was formerly a partner in F. T. Sutton & Co. with which Harold B. Platt was also associated.

TAYLOR, DEALE & COMPANY
64 WALL STREET, NEW YORK 5
WHitehall 3-1874

CANADIAN SECURITIES
Government • Provincial • Municipal • Corporate

$100,000

Gatineau
Power Company

3¾% First Mortgage Bonds
Series A, due April 1, 1969

Price 105¼, to yield 3.33%
to maturity

Direct Private Wires to Buffalo,
Toronto and Montreal

DOMINION SECURITIES
CORPORATION
40 Exchange Place, New York 5, N.Y.

Bell System Teletype NY 1-702-3

OUR REPORTER'S REPORT

This, the closing week of the summer season, proved comparatively quiet in the new issue market as had been expected. Only one major undertaking, that of Great Northern Railway, was on the calendar bringing out bids by two banking groups which have been increasingly aggressive rivals since the advent of competitive bidding.

But September promises to bring a new rush of large corporate refinancing operations judging by the backlog already on hand for the account of a number of prominent public utilities and railroads.

The total in actual prospect for next month already exceeds the 600 million dollar mark exclusive of potential business which has long been in sight but which is held in abeyance for one reason or another.

At least one large stock offering is in the list for September, namely the block of 700,000 shares of Pacific Gas & Electric Co. common which the North American Co., parent firm, plans to reoffer.

This operation was attempted several months ago but ran afoul of the Securities And Exchange Commission which ruled that competition was not present when the company received only a single bid entered by a country-wide syndicate of 144 banking firms.

Vastly swelling next month's prospective total are two more Bell Telephone system undertakings, one by American Telephone & Telegraph for $160,000,000 and the other by Southwestern Bell, involving $75,000,000. Both are to be debentures and carry a 2¾% coupon.

Great Northern

The sale of Great Northern Railway's $75,000,000 of new general mortgage bonds in two equal series N and O, on Tuesday, brought bids from two banking groups.

A syndicate headed by Halsey, Stuart & Co., Inc., made the successful tender a "basket bid" of 98.5679 for the two series to carry a 3⅛% coupon.

Morgan Stanley & Co. bid 99.10 for the Series N bonds, as 3¼s, and 98.50 for the Series O portion, as 3¼s. The winning group proceeded to reoffer the bonds putting a price of 100 on Series N and 99.35 on Series O portions of the issue. Public offering was made subject to formal award by the company and approval of price and spread by the SEC.

American Telephone & Telegraph

Announcement of the filing of $160,000,000 of new 2¾% debentures by American Telephone & Telegraph Co. was quite in line with forecasts. The big company is known to be anxious to realign its outstanding debt in order to pave the way for such new money financing as its peacetime construction plans may require.

The new 30-year debentures will provide the company with funds for the retirement, on Dec. 1 next of an equal amount of outstanding 3¼s.

Southwestern Bell Telephone's plans have progressed to the point where the company expects to be able to call for bids on its projected $75,000,000 offering for opening on Oct. 8 next.

The Street will await with more than ordinary interest the outcome of bidding for A. T. & T.'s big offering, recalling that on the occasion of the sale of its $175,000,000 of 2¾s, a little over a month ago, the treasurer expressed the company's disappointment at not having received a bid of par or better for the debentures.

Two Other Rail Issues

Two other large railroad loans are on the list, namely Southern Pacific's huge $150,000,000 operation which involves public offering of $125,000,000 of new bonds, and Northern Pacific's $55,000,000 of collatreal trust bonds.

Southern Pacific, early this week, asked for bids to be opened Sept. 11 on its new loan which will be sold in four series. The Series A is for $25,000,000 due in 1961; Series B, due in 1986 and Series C. due 1996, will be for $50,000,000 each in addition to which $25,000,000 of Series D will be sold to Southern Pacific Co., to take up bonds in its treasury.

The four series to be sold to bankers will be up for competitive bids and bankers may seek either one or all of the series. They will be called upon to fix not only the price but also the interest rate, with the company stating that no tender below 98 will be considered.

North American Co.

When North American Company sought bids for a block of 700,000 shares of Pacific Gas & Electric common several months ago, the market price was around 37 and it looked, for a time, as though two groups would be in the field.

But the tremendous size of the undertaking brought a merging of banking forces in an effort to provide a better market. At that time the bid was around the market price at the closing on the day it was entered, but it was outlawed by the SEC as not conforming to the requirements of its Rule U-50.

Well, currently the stock is selling around 40 or a fraction better. It will be interesting to see the outcome of the new attempt on the part of the big utility company toward getting its interest in the Coast utility down below controlling proportions.

Just now it looks as though two banking groups will compete for the stock, one headed by Dillon, Reed & Co., in the East, and the other by Blyth & Co., who headed the single syndicate on the previous occasion.

London Comment

(Continued from first page)

Commerce for the purpose of such cooperation.

Mr. Aldrich called attention to the discussion on page 120 of the report submitted to the President by the San Francisco Conference as to the place of non-government organizations in the work of the Economic and Social Council. Moreover the Economic and Social Council, Mr. Aldrich pointed out, puts economics—i.e., business—on a plane of equality equal to that of political and military matters. Under the League of Nations, on the other hand, the old International Chamber of Commerce had to work on a subordinate level of importance. The new system constitutes government sanction of direct contacts between organizations of national businessmen and an international official body, the Economic and Social Council.

In reply to a question, Philip D. Reed of the American delegation explained that the American National Committee of the International Chamber is fully representative of American business interests, since it includes such organizations as the Chamber of Commerce of the United States, the National Association of Manufacturers, the National Foreign Trade Council, the Committee for Economic Development and the American Bankers Association.

How Russian "business" will be recognized in the new program is not yet clear.

Our Concern With the Sterling Problem

A British reporter expressed doubt that the resolutions of the Council of the International Chamber showed sufficient awareness of the realities facing the United Kingdom. Mr. Aldrich and Arthur R. Guinness, the Chairman of the British National Committee of the International Chamber, both emphasized the attention which has been given in America to the problem of helping Britain financially during this transition period. Mr. Aldrich cited his own Chicago speech of several weeks ago, in which he recommended a grant to the British; while Mr. Guinness called attention to the Bretton Woods Congressional testimony of W. Randolph Burgess of the American Bankers Association, John H. Williams, speaking for the Federal Reserve Bank of New York; the late Leon Fraser, and others. All of these think something in the way of a generous loan or gift must be made available to Great Britain by America.

The British reporter mentioned above, felt sure the bankers and businessmen of America are unaware of the British sterling problem but asked: What about American political opinion? "That is in the hands of the State Department," Mr. Aldrich replied.

An American reporter wanted to know whether Britain, too, did not have to do something besides looking to America for help?

An intergovernmental economic conference, which the new International Chamber recommends, cannot be held before next year. Such a conference requires about six months to prepare, and, as yet, the new Labor Government has not worked out any of its major domestic policy problems. London newspapers generally comment on the lack of precision in the King's speech of Aug. 15th. Labor Government leaders are not making themselves available to foreigners, and even the foreign embassies here are without much information so far concerning the new Government's program. The only thing clear is that the Bank of England will be brought under Government direction and control, one way or another, but that is hardly a revolutionary step in a world where all banks are Government controlled. However, this is not the view in the article by J. R. Campbell in the London "Daily Worker" of Aug. 18th, reprinted in this issue of the "Chronicle."

An American businessman surveying a cartelized British industry with a view to investing in a branch plant here comments that he is pleased the United States has anti-trust laws to compel competition. He had reference to the inefficiency of the British industry he had just surveyed.

Vicissitudes of Foreign Travel

The American businessman who arrives in London must do a lot of paper work to check in and to check out. If he also wants to arrange to visit countries on the continent, his work increases in what seems to be geometric proportion.

The first thing one learns, as like as not by accident, is that one must register with the police at Piccadilly Place. This operation, itself requiring about five minutes, will entail from 1¾ to 2 hours of queuing-up unless one is lucky enough to stumble on a certain shortcut which few discover. Then one must go to Caxton Hall and get the ration books and identity card required of everyone. The process is ancient and familiar as the old building in which it occurs. At present, if you are lucky enough to have gotten through on the first try, a good half day has gone. This assumes that you didn't find Caxton Hall yourself and had sense enough to use a taxi in the first place. It also assumes you could get a taxi, which more likely you cannot.

If you want to leave Britain to visit the Continent, you must get an exit and a re-entry permit. Ordinarily that requires an interval of ten days after you apply, although it can be speeded up. But this application, accompanied by filled out currency form and other papers, cannot be filed until you have all the necessary visas of the countries you want to visit. To get the visas takes time, as well as letters from the American Embassy, stating that your trip, in each case, is in the national interest. The American Embassy is most efficient, but to get the letters takes a couple of days, and more taxis, of course. London is full of quaint old taxicabs, but they seem always to be engaged.

For the visas, as for the police registration, photos are needed. You probably didn't bring along enough extra photos, so by now you will perhaps have to find a passport photographer. Maybe a bank holiday will delay you a day or two in this.

Of Western European countries the hardest to visit seems to be Switzerland, according to this writer's experience. On your first call at the Swiss Legation, which even taxi drivers cannot all quickly find, you will be sold four blanks which, when filled out front and back, must be returned with four photos. On your second visit, you will probably have to wait not more than 1½ hours to file the application. Then, by arranging for cables, you may hear in some 10 or 12 days. You may be advised to get the American Embassy to cable Berne to ask the Swiss police to expedite your application, but Americans who have tried it say "forget that."

The Belgians require only one photo. The French and Dutch require none for visas for Americans. But the waiting is characteristic of all the consulates, legations and embassies, which are understaffed and crowded by foreigners and nationals seeking visas and certifications. Queuing-up is London's favorite daytime and night-time sport. On a holiday you can even see long queues of women and girls, as many as 50, waiting to get into the public toilets in parks or subways.

Getting visas is only one part of post-war travel in Europe. To travel at all you need a priority. Then you need to get your transportation tickets; arrange for hotels at the end of your journey; acquaint yourself with the restrictions on the movement of currency, securities, goods, etc., all of which vary from country to country. In these matters the American Embassy can and does render the American traveler invaluable service under what must be, for the Embassy personnel, trying conditions.

To some places in Europe the only communication available is by U. S. or British military aircraft. To Sweden, commercial aircraft also travel from London. By September, it is expected, the Army's "American Transport Corps" will give up carrying civilians.

As between certain European countires, and even within them, travel conditions are reportedly "terrific." The writer talked with a man, a relief worker, who stood up nearly all night to go by train from Paris to Switzerland. Part of the way he was able to sit on the corridor floor. A traveler visiting Sweden and Holland from London is now advised to go to Sweden and return to London so as to reach Holland. That, of course, means going back to the British passport office with another letter from the U. S. Embassy, and obtaining another exit and re-entry permit from the British. Of course, visas to visit Europe theoretically may be got before leaving America. But in Washington the State Department is very hardboiled about issuing supporting letters of request to the foreign embassies and consulates, and the time required is in some cases much longer than here.

If these wartime travel conditions are to be long extended, the businessman's transition from war to peace will be slow indeed. Tourist and other non-essential travel seems to be a long way off, viewed from this place and hour.

The Market Outlook

The way some people talk about the future of business in this country, you'd almost think that we had lost the war instead of won it.

Of course there will be "Re-conversion" problems. **Of course** there will be a big shift from war-time to peace-time employment and that will mean that temporarily a lot of people may be out of a job. But is that the thing that will really determine whether or not the corporations can make money? If you're trying to figure whether a stock is cheap at its present quotation, is **that** the main thing to consider?

A lot of people, mainly newcomers, it would seem, in the investment field, seem to think it is—with the result that here, on the very eve of what may well turn out to be one of the greatest bull markets in recent history, the list is full of things selling at prices far below what they are actually worth.

Why are we on the eve of a great upswing in stock prices? (1) Because there's an enormous amount of business ahead, business which is going to be done at a profit far above what the corporations have been making out of war business. (2) Because the country is literally full of money, and that money is going to be used by its owners to get themselves an interest in what is going on—in other words, to buy stocks.

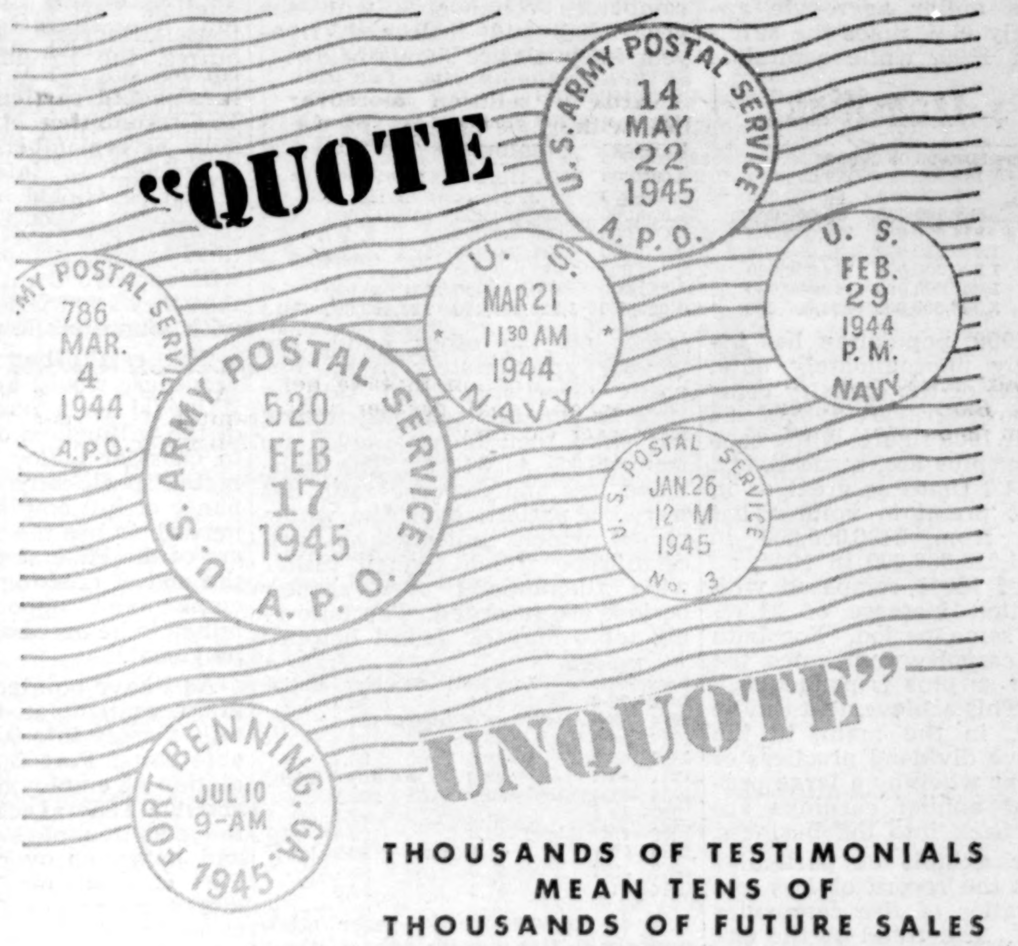
Already we are hearing, in the case of this or that particular company (or even whole industry) of swift and successful changeover from war to peace. Already we are hearing of labor released from one industry being rapidly absorbed by another. Let that sort of news take the place of some of the doleful talk we have been getting and soon enough there will be touched off the buying spark that will set the bull market under way.—From "Grist."

Lohrman Would Guard Our Gold Reserve Against Atomic Bombing

Wm. E. Lohrman, of Wm. E. Lohrman & Co., of this city, says that on the same theory we diversify our investments we should "move the major part of our gold hoard from Fort Knox to spread the risk of Atomic Bombs or other similar destructive devices."

Samuel Englander At Seligman, Lubetkin

Samuel Englander, formerly with P. J. Steindler & Co., as manager of the wholesale department, is now associated with Seligman, Lubetkin & Co., 41 Broad Street, New York City.



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Bank and Insurance Stocks

This Week — Insurance Stocks

By E. A. VAN DEUSEN

The sixth annual edition of Best's "Fire and Casualty Aggregates and Averages" has just recently come off the press. To those interested in the insurance business, whether from an investment or an operating point of view, or even from the academic viewpoint, this volume will repay close study.

The growth of stock fire companies over the past 55 years makes an impressive record, for its rate has been considerably more rapid than has the rate of population growth. This fact is brought out in the following table which shows significant aggregate figures for all stock fire companies, at five-year intervals, compared with the population of the United States:

Year—	Assets	Capital	Surplus	Net Premiums	Population
1890	$279,000,000	$71,000,000	$79,000,000	$150,000,000	62,951,000
1895	309,000,000	63,000,000	91,000,000	175,000,000	-------
1900	378,000,000	69,000,000	129,000,000	200,000,000	75,995,000
1905	509,000,000	73,000,000	177,000,000	290,000,000	-------
1910	647,000,000	90,000,000	208,000,000	325,000,000	91,972,000
1915	802,000,000	108,000,000	260,000,000	400,000,000	-------
1920	1,435,000,000	165,000,000	359,000,000	890,000,000	105,711,000
1925	1,894,000,000	254,000,000	561,000,000	934,000,000	-------
1930	2,603,000,000	445,000,000	939,000,000	910,000,000	122,775,000
1935	2,308,000,000	313,000,000	1,118,000,000	686,000,000	-------
1940	2,578,000,000	342,000,000	1,147,000,000	917,000,000	131,669,000
1944	3,230,000,000	352,000,000	1,341,000,000	1,139,000,000	139,000,000 (Est.)

It will be observed that population has increased about 120% since 1890. Total assets of stock fire companies, however, have reached a dollar aggregate approximately 11½ times the $279,000,000 of 1890, while capital is now five, surplus approximately 17, and net premium volume 7.6 times as great as the 1890 figures.

The record for stock casualty companies commences with the year 1905, and figures at five-year intervals are shown below.

STOCK CASUALTY COMPANIES

Year—	Assets	Capital	Surplus	Net Premiums	Population
1900	-------	-------	-------	-------	75,995,000
1905	$99,000,000	$26,000,000	$25,000,000	-------	-------
1910	152,000,000	32,000,000	38,000,000	-------	91,972,000
1915	237,000,000	50,000,000	39,000,000	-------	-------
1920	569,000,000	71,000,000	74,000,000	$436,000,000	105,711,000
1925	914,000,000	118,000,000	134,000,000	633,000,000	-------
1930	1,418,000,000	205,000,000	234,000,000	838,000,000	122,775,000
1935	1,220,000,000	116,000,000	237,000,000	673,000,000	-------
1940	1,651,000,000	142,000,000	426,000,000	870,000,000	131,669,000
1944	2,387,000,000	178,000,000	604,000,000	1,223,000,000	139,000,000 (Est.)

Since 1900, population has increased by approximately 83%. Total assets of the casualty companies, however, are about 24 times their 1905 figure, while capital and surplus are, respectively, 6.9 and 24.0 times as great as in 1905. Net premium volume has expanded from $436,000,000 in 1920 to $1,223,000,000 in 1944, an increase of 180% compared with a population increase of 31.5% over the same period. For both fire and casualty companies the growth in surplus is particularly striking. This achievement can be attributed, in the main, to the constructive dividend practices of both groups whereby a large proportion of annual earnings are ploughed back into the business.

Another exhibit of particular interest is the record of loss and expense ratios of fire companies since 1910. The trend of the expense ratio was steadily up until 1932 when it reached its high of 48.7%; it held at a relatively high level for seven years, but since 1938 has reather steadily declined to 41.3% for 1944. The loss ratio trend, on the other hand, has moved approximately in the opposite direction. From 1910 to 1935 its general trend was down, but since then it has moved up from 40.4% to 57.3%. The combined loss and expense ratio has traced a pattern over the whole period which indicates no well established trend, though rather wide fluctuations over shorter periods are recorded. The following table may be found helpful:

Year	Expense Ratio	Loss Ratio	Combined Ratio
1911	38.8	57.1	95.9
1914	38.6	63.0 (high)	101.6
1917	36.7 (low)	57.6	94.3
1919	40.2	48.5	88.7
1921	41.7	62.3	104.0 (high)
1925	41.4	60.7	102.1
1929	44.1	49.0	93.1
1932	48.7 (high)	53.8	102.5
1935	47.9	40.4 (low)	88.3 (low)
1942	39.7	59.0	98.7
1944	41.3	57.3	98.6

It is impossible to refer adequately to the wealth of statistical data that is given in the volume, by chart as well as by tabulation. For not only does the record cover stock companies, but mutual fire companies, mutual casualty companies and also Reciprocals and Lloyds. As the title of the volume indicates, however, the data given is "aggregates and averages," no information is presented on individual companies. It provides analysts, statisticians, and others of that ilk, a yardstick against which to measure the trend and record of such individual companies as they may wish.

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The Full Employment Bill

(Continued from page 930)

declaration of policy and an establishment of procedures whereby legislation appropriate to the purpose of full employment may be recommended by the President and considered by the Congress.

The program contemplated by the Bill falls sharply into two distinguishable parts: Part One, a program to be recommended by the President for encouraging private and other non-Federal employment. Part One proposes the adoption of Federal policies and activities with reference to "banking and currency, monopoly and competition, wages and working conditions, foreign trade and investment, agriculture, taxation, social security, the development of natural resources and such other matters as may directly or indirectly affect the level of non-Federal investment and expenditure." Part Two of the program calls for additional Federal expenditure, if needed, to assure a full employment volume of production. Part Two of the program thus authorizes, indeed it requires, the President to inform the Congress as to magnitude and character of Federal expenditure deemed by him necessary to assure a full employment volume of production; and Congress, if it approves the Bill, makes clear that it will receive the suggestions of the President sympathetically and will approve them to the extent that they seem wise and in accord with sound public policy.

The establishment of such a procedure would be a great gain. It would be a positive assertion of the willingness of the Congress to consider policy legislation directed specifically at the maintenance of full employment and, as needed, to use the financial powers of the Federal Government to the end of creating the aggregate employment opportunity determined to be necessary for full employment.

As I have pointed out, the program contemplated by the Bill falls sharply into two distinguishable parts. Port One is the stimulation of employment in private and non-Federal activities through the adoption of Federal policies and programs over a wide area. Part Two calls for Federal expenditure, under specified conditions, to make up for any deficiencies after the contribution to employment of Part One has been appraised. But, unfortunately, in the nature of things, the estimate of these deficiencies to be carried by Part Two of the program must be made many months in advance and must be subject to wide administrative discretion.

Amendments Needed

It is apparent, therefore, that the success of the Bill in attaining its purposes, depends absolutely on the success of the Federal Government, under the program adopted as Part One, in maintaining an extremely high level of employment. The residual expenditure by the Federal Government under Part Two must be relatively small if the Bill is to succeed. The projects under Part Two must be flexible, optional, local or regional, suitable for elementary and generalized skills and for temporary transitional employment. These projects must also meet the tests of desirability as to purpose, and efficiency and economy in execution. Otherwise, what was intended by law to constitute a residual expenditure to make up insufficiency will become an inefficient and unwelcome part of the regular economy.

As a matter of fact, the only types of projects that come to my mind that meet the specifications under Part Two in any real volume are secondary highways and local or regional conservation projects. Such projects are desirable and can be carried out efficiently, but the limitations in relative aggregate amount are obvious.

It was for this reason, that in my letter to Senator Wagner, I suggested certain amendments to the Bill. It is now my understanding that preference has since been expressed for keeping the Bill free of any statements of policy in particular areas, and I recognize that there are good reasons why this should be the case, particularly in view of the need for prompt action on the Bill.

But freeing the Bill of substantive amendments only makes the more urgent the passing of certain other legislation mentioned below that will contribute strongly to the maintenance of high productive employment under Part One of the program.

First of all should come a reform of social security financing that will take the deflation out of social security.

Second, we should have a regular Federal policy and program in public works and conservation that will tend to stabilize the construction industry at an appropriate level.

Third, we should work out our Federal tax program so that rates will be set to balance the budget at high employment.

Fourth, Federal lending activities at home and abroad should be associated harmoniously in Federal fiscal policy.

And fifth, a policy and program should be adopted directed toward maintaining a prosperous agriculture.

Bill Attempts to Do Too Much

These proposals are not intended to exclude others, but action on these five at least should be taken promptly as an integral part of the program for full employment. Without such measures, the Bill before us, S. 380, attempts to do too much. If there were no reasonable expectation of legislation at an early date directed toward automatic and effective maintenance of normal, high, productive employment, it would be my feeling that the passage of the Full Employment Bill should wait for such reasonable expectation. Otherwise, Part Two of the program would be forced to carry a gigantic and unworkable load.

It is the danger of such a gigantic and unworkable load that causes many people to fear that the Bill will result in vast improvised expenditures, unwholesome centralization of power and ultimately in the dependence of a substantial segment of the working population on Federal largesse for its employment. Such a development would present political hazards of the first order. These dangers can be avoided if prompt action under Part One of the program keeps the residual problem to be met under Part Two down to small quantities that are well within the bounds of satisfactory prediction and efficient administration. Prompt action on measures under Part One would therefore be highly reassuring and would release cooperative energies that would contribute significantly to the attainment of the Bill's objectives.

Background of Bill

Next I wish to comment on the historical background of this Bill. The Committee has already had prepared for it a study of the Employment Stabilization Act of 1931 and its antecedents. This analysis demonstrates that the Full Employment Bill has its roots in American thinking and tradition. It is an American response to a world-wide recognition that the hazards of involuntary unemployment must be mitigated by the people as a whole acting through their government.

There are some who are not informed on this long history and who identify the Full Employment Bill with European, and particularly with British, ideologies. They interpret the present Bill as an attempt to introduce into the American scene the ideas of Sir William Beveridge, or as a plot to fasten a European State Socialism on an unsuspecting America. Nothing could be more misleading. To be sure, we are well informed on what Europe is thinking and, since we and Europe are discussing the same subject, there is a natural similarity in concepts and terminology. But the history makes it clear that the present Bill is our own, and in my opinion, it is much better

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adapted to our needs than the more centralized and bureaucratic patterns that seem to be developing in western Europe. As an example of what I mean, take two policy statements, one on taxation and one on wasteful expenditure, from Beveridge's "Full Employment in a Free Society." Beveridge rejects all-around reduction of rates of taxation as a means of stimulation of employment activity, even though he recognizes the power of tax reduction to stimulate private consumption. Beveridge states, "Private consumption outlay, even if it were high enough to absorb all the productive resources of the country, might fail in practice to absorb them because it would be directed without regard to the available labor and the need for stabilizing investment; it might be directed to purposes of low social utility; it could not secure many vital purposes which can be attained only by common action."

Criticizes Beveridge Policy

In other words, instead of using tax reduction to leave in the hands of the people purchasing power to spend, invest or save as they please, Beveridge's policy means the withdrawal of purchasing power from the people and its expenditure or investment for purposes deemed wise by the central government itself. Such a policy may be sound for Britain where the need for building and modernization of capital goods is very great, but it would be most unsound for us where the need is for a vast increase in the current consumption of the people. Our situation is different from that of Britain and our fiscal policies for full employment must be different. The greater the freedom of the consumer, farmer or businessman to make his own decisions as to how he spends, invests or saves his money, the nearer will be our approach to true economic democracy under our full employment policies.

On wasteful expenditure, Beveridge states, "It is better to employ people on digging holes and filling them up again than not to employ them at all; those who are taken into useless employment will, by what they earn and spend, give useful employment to others." Presumably, if private individuals and businesses are not willing to employ people on digging holes and filling them up again, the government should do so at public expense if it cannot think up anything better to do at the time.

These policies from Beveridge on taxation and on expenditure would be repudiated by American thinking and are in no way involved in the Full Employment Bill, unless the Congress deliberately puts them there by specific legislative enactment.

Tax Reduction Will Avoid Wasteful Expenditure

We do not need to contemplate under this Bill any spending for its own sake or any wasteful expenditure. The large and necessary governmental budgets in the years ahead make it possible for us to obtain a vast increase in aggregate purchasing power by tax reduction alone, thereby reducing the need for direct Federal expenditure to support employment. Stabilizing the construction industry would remove one of the most variable of the economic factors. Proper financing of social security would take the deflation out of this program. Residual unemployment should and can be reduced to a manageable quantity of a local, special and temporary character. Federal expenditure on residual unemployment can and should be applied only to worthwhile projects efficiently carried on.

Finally, let me discuss the controversial phraseology of the Bill. This relates to three points: one, "the right to work," two, "the assurance of employment," and three, the concept of "full employment."

Frankly, I think it makes little difference practically in the level of employment in 1946, 1947 or the years following how these matters are stated or whether they are stated at all—except for one thing, carelessness and ineptitude at this point may well undermine the prestige of the Federal Government, or create suspicion and lack of confidence among those whose cooperation is indispensable for the success of the Bill. This is a real danger.

"The Right to Employment"

The introduction of the phrase, "the right to employment," is a singularly inept and unnecessarily provocative formulation of an exceedingly profound insight as to the dependence of human freedom on employment.

The statement of employment as a right degrades the concept of human rights. There has been a tendency in recent years for those who desire a more widespread enjoyment of such benefits as education, housing, health, nutrition and recreation to attach to these truly desirable fruits of social progress the high dignity of fundamental human rights. This extension of the term, human rights, tends to weaken the power and gravity of the concept. Is, for example, the "right to employment" one of those basic rights for which "governments were instituted among men"? This can hardly be the case, since in the Bill, the "right to work" is, in the same sentence which declares it, removed at one stroke from all Americans who have not finished their schooling and who have full-time housekeeping responsibilities. And what about the old people who have been deprived, I think wrongly, of the "right to work" for more than $14.99 a week, if they accept their lawful benefits under social security?

Human rights, if they are real, cannot be so easily given and taken away . They transcend both statute and constitution and are the heritage of two thousand years of insight and reason respecting the nature of the relationships of men to each other and to their governments.

There are those who feel that any change in the present formulation of the Bill as to the "right to work" will weaken the Bill. There are others, friends of the Bill, of whom I am one, who object to the phrase because it weakens the dignity of fundamental human rights.

And for the purposes of the Bill such weakening is unnecessary. Consider, for example, the power of alternative language: "The Congress finds and declares that involuntary unemployment on the part of any citizen is a matter of national concern, that such involuntary unemployment threatens not only the rights and proper privileges of the citizen but menaces the institutions and foundations of a free democratic state." Such a formulation associates correctly the rights of citizens with the menace of involuntary unemployment and in my opinion, is a far stronger and more penetrating justification for the measures included in the Bill than the questionable declaration of a "right to work."

"Assurance of Full Employment"

The second doubtful phraseology is the "assurance" of full employment. Obviously, such assurance can never be given by fiscal measures alone. Take, for example, the involuntary unemployment that might be caused by labor disputes involving utilities, building service operators, teamsters or transport workers, which might seriously affect continuing full employment for large numbers of workers dependent for their work on these services. Are all strikes, boycotts and lockouts that affect continuing full employment of workers not parties to the dispute to be outlawed in order to assure the "right to work"? Again, the objection to the words "assure" or "guarantee" is not designed to weaken the Bill. But unless the "assurance" is faithfully performed on all fronts and in behalf of particular individuals affected, either the authority of the Federal Government is weakened, or the word "assurance" is watered down to the point where it has little meaning either in public law or in private contracts. Change in phraseology should not be difficult to meet this point.

There are some who object to the term "full employment," but for my part I like the phrase as the expression of a goal for national policy. Like other goals, it is clearly unattainable and it would lose its virtue if it were. The statement of the goal and our sincere efforts to attain it will make the reality much closer to the ideal than if the ideal had never been expressed. There is some doubt in my mind, therefore, whether it is necessary or even desirable to define precisely what we mean by "full employment." It is a concept that will change from decade to decade as our ideas with respect to the relation between work and freedom change. A definition can hardly have any substantial practical consequences as to what is recommended or legislated under the Bill. Why not leave the term "full employment," like "liberty" and "justice," to stand as a goal of democratic government, and to derive its specific content from the will of the people as expressed from period to period by their free institutions?

Summary

To sum up, it seems to me that the objectives of the Full Employment Bill are desirable, that the procedure is workable and that, if basic legislation is promptly adopted for social security financing, construction industry stabilization, taxation, coordination of Federal lending and the welfare of agriculture, the program can be made to work. There need be no wasteful expenditure if residual unemployment is local, special, temporary and in small amount.

The controversial terminology of the Bill should be modified so that, without weakening the Bill or the opportunities for action within the frame of the Bill, the greatest possible harmony may exist among all who believe that it is both appropriate and necessary that the Federal Government direct its full powers toward the goal of full employment.

R. L. Cooke Jr. Opens In Nashua, N. H.

NASHUA, N. H.—Robert L. Cooke, Jr., has opened offices at 71 West Pearl Street to engage in a securities business. Mr. Cooke was formerly an officer of Ballou, Adams & Co., Inc., of Boston, with which he was associated for many years.

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.
The offering is made only by the Offering Circular.

$75,000,000

Great Northern Railway Company

$37,500,000 General Mortgage 3⅛% Bonds, Series N, Due January 1, 1990
37,500,000 General Mortgage 3⅛% Bonds, Series O, Due January 1, 2000

Dated July 1, 1945 Interest payable January 1 and July 1 in New York City

The issue and sale of these Bonds are subject to authorization by the Interstate Commerce Commission

These Bonds will, in the opinion of Counsel, be legal investments for Savings Banks in California, Maine, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania and Rhode Island.

PRICES
(Accrued interest to be added)

Series N, 100% Series O, 99.35%

The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

LADENBURG, THALMANN & CO. **LAZARD FRERES & CO.**

BEAR, STEARNS & CO. **OTIS & CO.** (INCORPORATED) **E. H. ROLLINS & SONS** INCORPORATED **WERTHEIM & CO.**
BLAIR & CO., INC. **HALLGARTEN & CO.** **SCHOELLKOPF, HUTTON & POMEROY, INC.**
BURR & COMPANY, INC. **PAINE, WEBBER, JACKSON & CURTIS** **A. C. ALLYN AND COMPANY** INCORPORATED
GREGORY & SON INCORPORATED **W. C. LANGLEY & CO.** **DEMPSEY & COMPANY** **BAKER, WEEKS & HARDEN**
GRAHAM, PARSONS & CO. **GREEN, ELLIS & ANDERSON** **HAYDEN, STONE & CO.**

KEAN, TAYLOR & CO. **E. M. NEWTON & COMPANY**

These Bonds are offered subject to prior sale, when, as and if issued by the Company and accepted by the Purchasers, subject to authorization by the Interstate Commerce Commission of their issuance and sale, and also subject to the approval of counsel for the Purchasers. It is expected that Bonds of both Series in temporary form will be ready for delivery at the office of Halsey, Stuart & Co. Inc., 35 Wall Street, New York 5, N. Y. on or about September 17, 1945.

August 29, 1945.

A Code of Int'l Commercial Credit

(Continued from first page)

ternational commercial conduct. I shall attempt instead to indicate the principles which should govern in the construction of such a code. I may add that the principles here stated are to be regarded as features of a permanent code of international commercial conduct. While it may not be possible during the postwar transitional period to eliminate all policies and practices not in harmony with these principles, every effort should be made to achieve that result at the earliest practicable moment.

Elements of Code

Right of entrance, residence, travel, ownership of property and participation in private business activities—Nations should grant to nationals of other countries the right to enter and reside in their territories and the same rights to travel, use transit and communications facilities, own and control property and participate in permitted business activities as are enjoyed by their own citizens. If for security or other reasons a distinction is made between citizens and aliens with respect to enjoyment of such rights, aliens of each nationality should be accorded the same treatment as aliens of any other nationality; in other words, most-favored-nation treatment.

Equal protection of the laws—Nations should extend to nationals of other countries residing in their territories the same protection of the laws, access to and equality before the courts and privileges respecting the conduct of permitted business activities as are accorded to their own citizens. Property of aliens should be protected and should not be subject to confiscation or public appropriation without prompt and just compensation. Equal protection of national laws should extend to patents, trade-marks, names and brands belonging to nationals of other countries.

Commercial laws and standards—As a means of removing impediments to international trade as well as causes for complaint, nations should unify their commercial laws and should improve legal procedures. They should also endeavor to establish greater uniformity of internationally-used weights and measures and should promote the extension of international standardization of commercial products.

Taxation—Nations should not tax property or income of nationals of other countries at a higher rate or under more burdensome terms than are applied to property and income of like kind of their own citizens. Nations should also provide by treaties with other countries or otherwise against double and extra-territorial taxation of their citizens operating in such countries.

Monetary stability — Nations should not engage in competitive depreciation of their currencies as a means of gaining advantages in international trade. Although the International Monetary Fund is designed to prevent such depreciation, the articles of agreement pertaining to the Fund permit a member nation to depreciate the value of its currency within specified limits under conditions which may largely be created by such nation itself. The administrators of the Fund should establish standards which will dissuade a nation from resorting to currency depreciation for the correction of a disequilibrium in its international financial situation which is primarily due to the adoption or continuance by such nation of unsound financial or other economic policies.

Exchange control — Nations maintaining exchange controls, whether exercised unilaterally or through bilateral payments agreements or currency area arrangements, should abolish such controls at the earliest practicable moment after the war. Pending complete elimination, such exchange control as is maintained should be exercised only for the purpose of conserving scarce currencies in order that such currencies may be used for the purchase of essential foreign products needed for development or rehabilitation of the economies of the nation or nations exercising such control. Exchange control should never be used in a discriminatory sense, nor as a means of giving special advantage to the trade of a nation or nations participating in a currency bloc or other trade area as against that of outside countries.

Prohibitions and quantitative restrictions on imports—Except for health and sanitary reasons, all prohibitions and quantitative restrictions on imports should be removed as soon after the war as shipping limitations and balance of payments positions of nations employing them make possible. Any subsequent reimposition of such prohibitions or restrictions should be permitted only in accordance with the criteria to be laid down by an international trade agency set up under the United Nations Economic and Social Council and with the approval of such agency. All quantitative restrictions should be non-discriminatory in their application. Sanitary embargoes involving quarantine restrictions against the importation of diseased animals or plants from other countries should be applied only for the purposes for which they were designed and should not be employed as a subterfuge to afford domestic producers extra-tariff protection against competing foreign products. Other restrictions such as mixing regulations, notably in the case of cereals, whose only purpose is to prevent or restrict the importation of foreign products, should be abolished.

Export prohibitions, taxes and subsidies—As a general principle, there should be no restrictions on exports and, in accordance with this principle, all prohibitions and quantitative restrictions on exports should be removed as soon after the war as shipping space considerations permit. There are, however, two types of cases in which some restriction on exports might be permissible. One is that of commodities which are produced in a number of countries and of which there is normally a world surplus. This type of case is discussed later under the heading of "Intergovernmental Commodity Agreements." The other kind of case is that involving commodities of which there is a scarcity. In the case of such products, nations owning them or controlling them might be permitted to place limitations on the amount of such products that could be exported. The conditions under which such control should be exercised should, however, be determined by international agreement and regulations should be adopted assuring other nations an equitable share of the products and preventing discrimination in the allocation of shares to nations other than those owning or controlling such products.

There should be no prohibition of exports of seeds, roots and stocks.

If taxes are to be levied on exported products, such taxes should not be so heavy as to be restrictive and should be non-discriminatory; colony-holding nations, in particular, should not impose taxes on exports of colonial products which discriminate as between the mother country and outside nations.

Nations should not employ subsidies or bounties as a means of forcing their products on export markets. As a general proposition it is undesirable for a nation to pay subsidies on a commodity that is normally produced in exportable quantities or on a commodity that would be produced in exportable quantities only because of the subsidy.

For security reasons and because of the importance of shipping services to national economies, subsidies necessary for the development and operation of a national merchant marine are justified.

Preferences and Discriminations—As a general proposition, preferential arrangements between groups of nations or between a mother country and its dominions or colonies which give more favorable tariff treatment to the products of each other than to those of outside countries are objectionable and should be abolished. There are, however, some circumstances under which preferential arrangements would seem to be justified. Such arrangements might be permitted in the case of contiguous nations which are closely affiliated economically and whose prosperity would be increased by removal of tariff barriers between them. To be acceptable, however, such arrangements should meet certain conditions. The duties applied against outside countries by nations participating in the preferential arrangement should not be higher than those which they maintained prior to their entrance into the arrangement. Other countries within the same general region and affected by similar economic conditions should have the right to join the preferential arrangement by making concessions to other members of the group as favorable as those which the latter extend to each other. Such arrangements should not prevent reductions in duties on products of outside countries. The preferences should be confined to products which the member countries supply in substantial quantities to one another. And the preferential arrangement should contribute to more efficient production and to the development of better balanced economies in the area covered by the arrangement. Similar preferential arrangements might be allowed in the case of nations affected by similar economic conditions where such arrangements are a prelude to a customs union between the nations participating in the arrangement. The general principle underlying each type of arrangement should be that the trade of outside nations with nations participating in the arrangement should not, on the whole, be on less favorable terms than existed prior to the consummation of the arrangement.

Other exceptions to the above-stated principle might be permitted in the case of regions within specified distances on either side of a national frontier where such regions suffer economic hardship due to tariff rates maintained by the adjoining country. A further exception, at least for a period sufficiently long to allow for transitional adjustments, might be permissible in the case of a small country or territory weak economically whose prosperity is especially dependent on the enjoyment of a preferential position in the markets of a larger country. In such situations, however, the larger nation should not ask for reciprocal favors from the smaller country or territory. Its economic relation to the smaller country or territory and gratitude on the part of the latter for the favors exended to it would of themselves give the trade of the larger nation an advantage over that of other countries in the markets of the smaller country or territory.

Long-term bulk-purchasing contracts, under which a nation agrees to buy stipulated quantities of foodstuffs or raw materials from countries comprised within an imperial system of which it is a member or from specified outside countries to the exclusion of purchases of similar products from other countries producing such products, discriminate against the latter countries. While such contracts may be necessary or desirable in wartime, they cannot be justified as peacetime measures. Bulk-purchasing contracts may not in themselves be objectionable provided they offer to all nations without discrimination opportunity to sell their products on an equal basis to the nation making bulk purchases.

Import duties and taxes—All excessive and unnecessary tariff rates should be eliminated. Where nations insist on the need of tariff duties either for protective or revenue purposes, the duties should be only moderate in amount. The aim should be the greatest possible exchange of goods among nations on the basis of comparative costs. Taxes other than tariff rates should not be imposed on imports except to offset excise taxes levied on competing domestic products. They should never be used for the purpose of furnishing additional or extra-tariff protection to domestic producers.

Customs regulations, travel, consular and shipping documents—"Invisible tariff" obstacles to the flow of commerce, such as antiquated and burdensome regulations relating to the filing of invoices, the classification of goods, the method of valuation, the payment of duties and similar matters, should be eliminated. Customs formalities should be simplified and essential documents and procedures should be standardized. Travel, consular and shipping documents should all be overhauled and streamlined, with a view to expediting the movement of goods in commerce and to cheapen their cost.

Dumping and other unfair methods of competition—"Dumping" and other unfair methods of competition in commerce should be eliminated. Nations should cooperate in the drafting of an international code specifying acts and conduct which shall be considered unfair practices in international trade and should adopt uniform legislation and other measures to curb such practices. Particular attention should be directed to regulating the use of patents and trade-marks in international trade.

Export credits guarantees—Government guarantees of export credits are unobjectionable as a means of promoting export trade provided such guarantees do not cover concealed subsidies to the trade of the nations employing such devices. The premiums charged for such guarantees should fully cover their cost and the compensation paid for losses should not exceed the amount of loss actually sustained.

Cartels—Like excessive tariff duties, preferences and similar trade barriers, trade-restricting cartel practices should be abolished. Now that German cartels, the fount of the international cartel system, are to be broken up by the Allied governments, an effort should be made to outlaw all practices which restrict production and trade. If international agreement cannot effectively outlaw such restrictive cartels, then international machinery should be set up to insure that cartels shall not so limit output, interfere with maximum

Notice of Call for Redemption

To the holders of

Columbia Gas & Electric Corporation

Twenty-Five Year 5% Gold Debenture Bonds, due May 1, 1952

COLUMBIA SYSTEM

NOTICE IS HEREBY GIVEN, as provided in Section 1 of Article Three of the Indenture dated as of May 1, 1927, between Columbia Gas & Electric Corporation and Guaranty Trust Company of New York, Trustee (hereinafter called the Indenture), that the undersigned Columbia Gas & Electric Corporation, a Delaware corporation, has elected to call for redemption and will pay and redeem on October 1, 1945, at 102% of the principal amount thereof and accrued interest to said redemption date, all of its Twenty-Five Year 5% Gold Debenture Bonds, due May 1, 1952, outstanding under the Indenture. Interest on said Debenture Bonds will cease to accrue on the redemption date.

The respective holders of said Debenture Bonds are required to present them on or after said redemption date for payment and redemption at the principal office of the Trustee, Guaranty Trust Company of New York (Corporate Trust Department), No. 140 Broadway, New York 15, N.Y. Upon presentation and surrender of said Debenture Bonds at said Trust Company on or after said redemption date, together, in the case of coupon Debenture Bonds, with all coupons thereto appertaining maturing after said redemption date, said Debenture Bonds will be paid and redeemed at the redemption price. Fully registered Debenture Bonds and Debenture Bonds registered as to principal, in case payment to anyone other than the registered owner is desired, must be duly assigned in blank, or accompanied by proper instrument of assignment in blank.

COLUMBIA GAS & ELECTRIC CORPORATION
By DALE PARKER, *Secretary and Treasurer*

Dated: August 30, 1945

efficiency of production and obstruct international trade as to prevent the provision of an abundant supply of goods at reasonable prices to consumers.

Intergovernmental commodity agreements — Intergovernmental commodity agreements, although subject to public control and therefore perhaps less objectionable than private trade cartels, nevertheless restrict the supply and increase the cost of products to consumers. For that reason, such agreements, if tolerated at all, should be restricted to agricultural or other primary commodities which are subject to chronic surpluses. An effort should be made by the nations participating in such agreements to shift productive facilities from the production of the surplus commodity to other economic activities and to adjust their economies so as to prevent the production of surpluses of the commodity in question, with a view to eventual elimination of the governmental control over the production and marketing of such commodity.

Government monopolies (State-trading corporations, etc.)—Not only Russia but numerous other countries may conduct all or part of their foreign trade operations after the war as a state monopoly or through corporations or organizations sponsored by the State. If international trade is not to be burdened with restrictions as a result of the difference in trading methods followed by private-enterprise countries and those employed by state-trading monopolies or corporations, it will be necessary that clearly defined principles be agreed on relating to their respective trading methods. State-trading corporations must not use their great buying power as a means of discriminating between traders within a given country nor should state-trading monopolies use their vast power to dump their products in other countries or to acquire products of other countries at prices which are not fair to the producers of such products. State-trading monopolies should allocate purchases of products they require among other countries on a basis which, having due regard for price considerations, is fair to all of them. The working out of such purchases could perhaps best be achieved through the medium of a multilateral agreement. At least this procedure might be followed for a few years while the principles and practices that are to govern business relations between private-enterprise and state-trading countries were being developed. In return for the exercise by state-trading organizations of their buying monopoly in a manner that is equitable and fair to private-enterprise countries and perhaps also for undertakings by state-trading monopolies to buy stipulated amounts of goods from private-enterprise countries, the latter should extend to the nations maintaining trading monopolies their lowest rates of duty and accord them most-favored-nation treatment in all matters affecting the trade of the later countries.

Access to raw materials and markets—Nations should guarantee all other nations "open door" treatment with respect to access to foodstuffs, raw materials and markets. Proposals already outlined are designed to accord all nations opportunity to buy and sell in world markets on terms of complete equality with all other nations. Equality of treatment respecting foodstuffs and raw materials would embrace not only the right to acquire available supplies of such commodities on equitable terms but would include also the right to develop resources necessary for the production of such commodities. This would mean, in other words, equal opportunity for producers of all countries to obtain concessions or other rights for the development of food and raw material resources.

If raw material resources are a state monopoly, the state exercising such monopoly should undertake to provide an adequate supply at a reasonable price to meet the needs of all countries. "Reasonable price" should be defined, as in the International Sugar Agreement, to mean "not to exceed the cost of production, including a reasonable profit, of efficient producers."

Foreign investments — Much that has already been said, especially as to protection and equal treatment as between foreign and domestic property, applies to foreign investments of capital. As has been pointed out, nations which receive foreign investments should undertake to afford ample facilities for the free movement and investment of capital, to give equal treatment to national and foreign capital, except when investment of the latter would be inimical to the public interest, and to grant to securities issued by capital-investing nations the same treatment as is accorded to securities issued and placed by societies and institutions in the capital-receiving country. Nations receiving foreign capital should not impose burdensome regulations relating to its administration or to personnel and conditions of operation.

Owners of capital invested in other countries should administer their property in such way as to contribute to the economic well-being of the capital-receiving country and its people. The owners should endeavor to assure to capital of the receiving country a just and adequate participation both in the establishment and management of their enterprises; foreign investments should not as a rule displace the capital of nationals of the receiving country in existing or other enterprises. Owners of capital invested in other countries should undertake the training of local personnel, with a view to expanding employment in the capital-receiving nation.

Commercial arbitration — All commercial disputes should be settled by arbitration. Such arbitration, however, should be entirely voluntary. Provision for arbitration should be written into all commercial contracts.

Friendly consultation — If nations are to live amicably together they must learn, in adopting acts and policies for the benefit of their own economies, to consider what the effects of such acts and policies would be on other countries. When a nation adopts or contemplates the adoption of an act or policy which injures or threatens to injure the interests of another country, it should consult with that country with respect to such act or policy. This does not mean that a nation cannot always avoid action which might involve some injury to an interest of another country. But the avoidance of such injury should be a basic consideration in the right of a nation to pursue a policy it deems in its own interest and, where such injury cannot be avoided, the nation should consult with the country or countries whose interests might be injured by such action with a view to minimizing such injury.

Application of Code of International Commercial Conduct

Agreement between nations on the principles to be incorporated in a code of international commercial conduct will be only the first step in the development of equitable and peaceful international commercial relations. Getting nations to abide in practice by the principles of such code will be of equal, if not greater, importance than agreement on its essentials. There will need to be an agency which will examine laws, decrees, and regulations issued by the various nations in economic matters and to decide whether such laws, decrees and regulations conform with the principles of the code. As a means of facilitating the work of such agency, copies of all laws, decrees and regulations adopted by the various nations and of trade and other economic agreements entered into between different nations should be transmitted to the agency as soon as they are adopted or become effective. Such agency should be empowered to call to the attention of members any policies, laws, and regulations or international agreements which they enter into which the agency regards as in violation of the code. The agency should also have the power to hear complaints and to issue reports relating to any offending laws, decrees, regulations and agreements and to make recommendations for adjustment of such laws, decrees, regulations and agreements to bring them into conformity with the code or for their discontinuance. The agency itself would have no power to order revision or discontinuance of offending regulations but would have only powers of advice and recommendation concerning them.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

CINCINNATI, O.—**Reginald W. Barnard** has rejoined the staff of **W. E. Hutton & Co.,** First National Bank Building. He has recently been serving in the armed forces.

(Special to The Financial Chronicle)

CLEVELAND, O.—**William H. Clark** has rejoined **Merrill, Turben & Co.,** Union Commerce Building. He has recently been with Paine, Webber, Jackson & Curtis.

(Special to The Financial Chronicle)

DENVER, COLO.—**Paul H. Hadley** has become connected with **Sullivan & Company,** Security Building. He has recently been in the U. S. Army and in the past was with Brown, Schlessman, Owen & Company.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Robert E. Bulkley**, formerly with A. C. Allyn & Co., has become affiliated with **Paine, Webber, Jackson & Curtis**, Penobscot Building.

(Special to The Financial Chronicle)

JACKSONVILLE, FLA. — **Thomas H. Hightower** has been added to the staff of **Southeastern Securities Corporation,** 304 West Adams Street. He was formerly with Thomson & McKinnon.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**Myron H. Post** is with **Herrick, Waddell & Company, Inc.,** 1012 Baltimore Avenue.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Bernard D. Kaplan** has jointed the staff of **Bache and Co.,** 96 N. E. Second Avenue.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—**Emmett J. Sheridan** has become associated with **Paine, Webber, Jackson & Curtis,** 605 North Broadway. In the past he was with E. H. Rollins & Sons, Inc.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Walter Woods** is with **Edward D. Jones & Company,** 300 North Fourth Street. In the past he was with Dow, Jones & Company in St. Louis.

C. F. Cassell & Co. Adds Three to Staff

CHARLOTTHSVILLE, VA.—C. F. Cassell & Co., 112 Second Street, N. E., announce that John W. Ayres and George Barlow have joined their organization and will be connected with the Sales Department. Montie Smith has become associated with the firm as cashier.

Mr. Ayres was formerly connected with an investment house in Baltimore and later joined the Home Owners Loan Corporation in Virginia. In 1936 he became affiliated with the claims department of the Travelers Insurance Company, Richmond, Va.

Mr. Barlow began his business career with the Champion Fiber Company in North Carolina. In 1930 he organized Hoff-Barlow Motor Company, Inc., to engage in the distribution of automobiles. This business was continued until 1943 when he severed his connection with this firm and entered the United States Marine Corps as an officer in the Motor Transport Department. He recently returned from the Pacific and is now on inactive duty with the United States Marine Corps.

This advertisement is not and is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any of the Securities herein mentioned. The offering is made only by the Prospectus.

NEW ISSUES

Monongahela Power Company
(Formerly Monongahela West Penn Public Service Company)

$22,000,000
First Mortgage Bonds, 3% Series Due 1975
Dated August 1, 1945 Due August 1, 1975
Price 102½% and accrued interest

90,000 Shares
4.40% Cumulative Preferred Stock
Par Value $100 Per Share
Price $103.50 per Share and accrued dividend

Copies of the Prospectus may be obtained from such of the undersigned as are registered dealers in securities in this State.

W. C. Langley & Co. The First Boston Corporation
Blyth & Co., Inc. Glore, Forgan & Co. Goldman, Sachs & Co.
Harriman Ripley & Co. Incorporated F. S. Moseley & Co. Salomon Bros. & Hutzler
Stone & Webster and Blodget Incorporated Union Securities Corporation
A. C. Allyn and Company Incorporated Drexel & Co. Hornblower & Weeks
W. E. Hutton & Co. Merrill Lynch, Pierce, Fenner & Beane

August 24, 1945

NAM Prosperity Program

(Continued from page 930)

three possible developments which which could bring the post-war prosperity to a halt and create wide-spread unemployment. These three developments are:

"1. Mismanagement of the money and credit system, and the Federal debt, in ways which convert prosperity into an inflationary boom, thereby creating strains and stresses which must inevitably lead to a collapse of prices, production and employment.

"2. Granting or perpetuating special privileges which hinder production or prevent the flow of goods and services to final consumers at reasonable prices, thereby creating a lack of balance between various groups or various sections of the country.

"3. Prevention of an adequate flow of private capital into productive, job-making activities, thereby making it impossible to have that growth of capital resources which is necessary to provide increased production and jobs for our growing population."

"If we can keep our economic system free of these three developments, and do not suffer from an international catastrophe or great natural disaster," asserts the NAM, "we can assure permanent prosperity in this nation in the post-war era. That is the point which must be kept uppermost in our minds. Only by thus concentrating our attention to these specific purposes can we keep our thinking from becoming cluttered up with pet prejudices and 'reforms' which, while perhaps important and desirable in themselves, merely introduce areas of disagreement which have no relation to the fundamental problem of permanent prosperity."

Financial Proposals

The positive recommendations, in the financial field are outlined as follows:

1. **We must have a stable, clearly defined monetary unit.**

This can be accomplished only by having our monetary unit based upon, and defined in terms of, metal, which in this country means gold. And to assure continuation of that stability which is so essential for planning of our domestic affairs and for carrying on orderly international economic relations, the gold content of our currency must not be subject to change by administrative decree.

2. **We must have definite limits placed upon the credit expansion powers of our commercial banks.**

Over the years several methods of such control have been used. The one which has proved most satisfactory has been the legal requirement that banks must maintain a stipulated reserve against their deposits. This method is accepted American procedure, but since 1918 there has been an increasing practice of changing reserve requirements whenever they begin really to restrict credit. This practice must be abolished. It does no good to have legal limitations on credit expansion if the limitations are removed every time they begin to be effective. For the future we need to establish those legal reserve requirements which are necessary for safety and then hold to these limitations.

3. **We must make interest rates serve as a guide to the degree of strain to which our financial system is being subjected.**

Interest rates serve two great and fundamental functions in the economic system. First, they are the price at which the supply of funds available for lending and the demand for such funds are brought into balance, and second, they indicate the relative degree of risk, or the relative attractiveness of different uses to which funds may be put. These functions cannot be performed unless the interest rate is free to move up or down as conditions warrant. In recent years—or since about the middle of the 20's—an increasing effort has been made by our Federal Reserve officials and the Federal Government to eliminate such free movement of interest rates. This has had the effect, on the one hand, of removing one of the prime indicators of approaching financial storms, and on the other hand, of preventing the flow of funds being determined by the relative risk involved. For the future we must restore the free functioning of interest rates and thereby permit free competitive forces to determine the distribution of the available supply of loanable funds.

4. **We must make the banking system serve as a handmaiden of our economic system, not permit it to attempt to control the volume of business activity and employment.**

History offers many examples of efforts to use the money and banking system as a mechanism for controlling the volume of business activity and employment. Every such effort has resulted in economic troubles of more or less major proportions. For the future we must see to it that banks in their credit policies merely reflect existing economic conditions, not permit them through the extension or withdrawal of credit, to attempt to increase or decrease the volume of business activity. In practice this means the elimination of the idea, which has been so prevalent since the First World War, that there is some given volume of credit which is desirable regardless of existing underlying conditions, and then forcing this volume upon the economy without regard to other considerations.

5. **We must get the public debt into the hands of those who will hold it as a permanent investment until the bonds mature and are paid off.**

With a public debt of some $300,000,000,000 it is imperative that we prevent sudden and large shifts in the ownership of the bonds representing this debt. This is because such sudden and large shifts would subject our financial system to strains which it could not endure. In practice the prevention of such shifts involves having the public debt represented by bonds of a maturity and interest rate which appeals to investors as a desirable form. To accomplish these financial reforms, the NAM recommends "that Congress create a special committee of experts to re-examine the whole money, banking and public debt problem and report specifically on what legislative changes are needed and what policies must be followed by the banking authorities in order to assure that we shall realize the maximum benefits from our money and credit system, but will not again have our whole economic system thrown into a depression through mismanagement in the financial field."

Treatment of Special Privileges

The recommendations relating to special privileges such as monopolies, tariffs, subsidies, agricultural favors are stated, in part as follows:

The granting and perpetuation of special privileges is important not only as a cause of serious economic disturbances, but as well because their presence quite properly leads to widespread criticism and dissatisfaction with the functioning of the economic system and thereby endangers our political and economic freedom. Such expressions as excessive profits, putting property rights above human rights, production for use instead of for profit, inadequate purchasing power in the hands of the public, and so forth, all have their origin, or at least gain support, because of the existence, or presumed existence, of special privileges.

We cannot maintain permanent prosperity in this country on the basis of special favors, first to one section and then to another. And we cannot maintain permanent prosperity by trying to balance the special favors given one group by equal favors to some other group. We must have as our national policy the elimination of all special favors and all special privileges.

In practice this means, as it relates to various parts of our economy:

1. **On monopolistic conspiracies which reduce production, restrict markets, or keep prices above a fair competitive level.**

Such conspiracies may occur at any stage in the productive process. But they all have one thing in common. This is that they are designed to free the participants from the rigors of competition and thereby enable them to set a price for their goods or services in excess of that which would prevail in a free competitive market.

Every such conspiracy, thus, by its very nature is contrary to the public interest. There is no such thing as a socially desirable conspiracy in restraint of trade, and this is equally true regardless of whether they are in industry, finance, marketing, agriculture, or labor, whether they are formed by private concerns acting individually or under direction of government, and whether they apply to the domestic or foreign field.

In a program for permanent prosperity we need only one basic provision. This is that all conspiracies in restraint of trade, regardless of their scope, regardless of their form, and regardless of their sponsorship, must be effectively prohibited.

Present policies obviously are not adequate to accomplish this purpose. We recommend therefore:

a. Vigorous and impartial enforcement of the "anti-trust" laws no matter how important economically or politically it is who thus gets hit.

b. Legislation compelling the recording in the U. S. Patent Office of all patent agreements, both existing and future, and both domestic and international, except those covering simple non-exclusive licenses and exchange of licenses.

c. That the Federal Government seek to enter into agreements with other nations which will prevent the operation of all cartels which attempt to control production, distribution, or prices.

d. That Congress prohibit all closed labor unions, or that is unions which refuse to admit properly qualified workers as members.

2. **On Tariff.**

Opinions on the desirability or necessity of a protective tariff cut across all major groups in the nation. Some businessmen favor high tariffs, others low tariffs. The same is true among farmers and labor. Even in each of the major political parties there no longer is agreement on tariff policies.

Nonetheless everyone can agree on four facts of basic importance in the determination of our future tariff policy. These are:

a. As the world's greatest creditor nation we have a responsibility for leadership in attempting to free international trade of needless barriers.

b. That regardless of what we may do, many other nations will maintain tariff barriers against us.

c. That some nations almost certainly will attempt to take advantage of any concessions we make in the way of tariff adjustments.

d. That for over a century our economy, has developed behind tariff walls and, in spite of any theoretical merits of free trade, it may be impossible as a practical matter within the foreseeable future to eliminate all tariffs.

In harmony with these facts we recommend:

a. That our over-all national policy be one of gradual reduction of protective tariff duties, the reductions in each case to be continued to that point which will maximize production and consumption under competitive conditions in the United States. The rate of reduction should be such that it does not unduly disrupt our domestic trade and employment.

b. That we continue to regard the tariff as a proper means for protecting American industry, American workers, and American agriculture against "dumping" of foreign products in our markets, and all other forms of unfair competition.

c. That we use either the tariff or subsidies, whichever Congress determines is the more economical method, for assuring an adequate production of those items essential for military purposes.

3. **On subsidies.**

The first point to note in connection with a program designed to eliminate subsidies is that it may be necessary to the public welfare to have certain parts of the economic system supported in order to assure adequate production of certain items for military purposes.

The second point is that whenever any part of the economy has been the beneficiary of government aid over a long period, it may be disastrous to eliminate the entire amount of such aid in one fell swoop.

The final point is that it is politically impossible and economically unjust to start a program of removing subsidies if, at the same time, new subsidies are being extended to other groups or other sections of the nation.

To meet these three conditions we recommend:

a. That the appropriate Congressional committee make the necessary study to recommend what subsidies are essential for strictly military purposes.

b. That Congress immediately initiate a program for the systematic elimination of subsidies from the economic system, and that this program be carried forward as rapidly as possible without unduly disrupting our domestic trade and employment.

c. That Congress establish as a firm policy the rejection of all demands for new subsidies unless it can be shown beyond question that they are necessary for the military safety of the nation.

Agriculture

Regarding agriculture, the recommendations are:

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.

NEW ISSUE

$5,000,000

Ashland Oil & Refining Company

Twenty Year 3% Sinking Fund Debentures

Dated August 1, 1945 Due August 1, 1965

Price 100% and accrued interest

The Prospectus may be obtained from the undersigned

A. G. Becker & Co.
Incorporated

August 30, 1945

1. Increase the demand for farm products.

2. Keep on the farms only that number which is needed to produce the volume of agricultural products for which there is a demand at a price which will yield to the producers a satisfactory income.

3. Assure that flexibility in farm production and prices which is necessary to keep farming in broad economic and profitable balance with the remainder of the economic system.

Problem of Labor

Urging that labor be subject to laws and regulations in the way that government has regulated "unfair business practices," the NAM states:

Much of the existing labor legislation is based on the principle of special privileges for labor. In recent years, these laws and their administration have created a situation which has operated against the public interest and has, in specific respect, retarded production and has curtailed jobs. They need revision to fit the conditions we now face in the reconversion and post-war periods, revision which will eliminate the special privileges granted labor while, at the same time, protecting labor rights.

We therefore recommend legislation to correct existing labor laws to provide for specific responsibilities and obligations for labor as well as management; to regulate union practices which restrict efficiency and maximum production or limit job opportunities; to prohibit the unionization of management members (foremen and higher levels of management); to require that labor unions, as well as management, abide by their collective bargaining contract; and to protect individuals in their right to work.

Private Capital and Job-Making

The NAM program further contends:

The problem of assuring an adequate flow of private capital into productive, job-making activities is to establish and maintain those conditions which, first, promote and make possible the accumulation of substantial savings, and second, lead to such savings being invested in sufficient volume to give us a high and increasing level of production and employment. A vital corollary of this second aspect of the problem is that there be smooth-running and efficient capital markets and security exchanges.

Obviously, if we have tax laws which eat up all business profits or which leave individuals nothing above what they need for their living expenses, there can be no accumulation of savings. And it is equally obvious that if the policies and attitude of government are such as to destroy confidence in the future, those with surplus funds will tend to hoard them rather than invest such funds in private, job-making enterprise.

Confidence alone, however, is not sufficient to assure an adequate flow of private capital to maintain permanent prosperity. We also must have a tax system which permits the accumulation of savings and which leaves from successful investment enough earnings to make those with savings willing to risk their funds.

The present tax system, partly because of the war and partly because of underlying tax policies, does not meet this standard. Therefore we recommend the following:

1. The income tax rate should be held to a level which will not needlessly discourage individual endeavor. It is not possible to set one figure and say that under no condition should the individual rate exceed this, but, obviously, it is unwise to have rates so high that, through discouraging investment, they diminish the revenue to the government, and it is evident long before the rate on the top bracket has reached 50% job-making investment is discouraged.

As a matter of public policy it is desirable to bring the largest practical proportion of income earners under the individual income tax and in this way make a substantial number of our citizens aware by direct taxation of the cost to them of their government.

2. Eliminate burdensome excise taxes and all so-called indirect taxes except those necessary to provide a reasonably stable base for the tax system as a whole, such as may be obtained by taxes on such items as tobacco and alcohol. Present indirect taxes bear disproportionately heavy upon those of low incomes, and further, since they are hidden, tend to keep these individuals from realizing the total tax load they are carrying.

3. Taxes on capital gains discourage productive, job-making investment, tend to destroy the liquidity of markets, thereby adding an element of rigidity to the economic system which tends to create unemployment, and introduce an element of great instability into the tax system as a whole, and should ultimately be eliminated.

4. Taxes on corporation business should be set below the point of discouragement. A nation-wide poll of businessmen conducted by NAM indicated that the highest income tax rate corporations can pay in peacetime without discouraging the incentive for greater production and employment, is 25%.

Fiscal Policy

The program of the NAM concludes with a statement on fiscal policy, to wit:

Before the First World War, and to a lesser extent even during the 20's, the total volume of government spending was so low in relation to the national income that a certain amount of extravagance, although undesirable, was not a crucial issue in the functioning of our economic system. That situation no longer prevails. Today, even with the utmost economy in government expenditures, the tax load is so heavy that it is a direct and powerful drag upon the income of all of us, no matter in what income group we may be.

It is imperative, therefore, if the progress of our country is to be continued and we are to enjoy permanent prosperity, that all non-essential government expenditures, Federal, State and local, shall be eliminated and a policy of rigid economy adopted in all governmental activities.

Likewise it is imperative that, when war expenditures come to an end, the Federal budget be balanced, and balanced at a level which will enable us to have a healthy and prosperous economy, that as a general policy the budget be kept in balance, and that the public debt be reduced as rapidly as is consistent with the following of sound tax policies.

Aid in Rebuilding Greece Reported Pledged

President Truman according to special Washington advices to the New York "Times" on July 5 assured John Sofianopoulos, the Greek Foreign Minister, during a conference on that day, that the United States would assist Greece "in every feasible way" in reconstruction. The advices also had the following to say:

The Minister was one of several who have attended the San Francisco Conference and who were received successively today by the President. One Prime Minister was also received.

He was Faris Al Khoury of Syria. The Foreign Ministers included Jose Serrato of Uruguay, Carraciolo Parra Perez of Venezuela, Manuel A. Pena of the Dominican Republic, Camilo Ponce Enriquez of Ecuador and Gerard E. Lescot of Haiti.

'Full Employment Bill' Ineffective

(Continued from page 935)

time production and cut the working week to 33 hours, we shall still have 13 million unemployed. There is nothing whatever in the Murray Bill to prevent this.

It assumes that with a little aid from a benevolent government, private capitalism, after the profound dislocations of the war, can provide a full employment which it did not provide in America or anywhere else before the war. The economic consequences of attempting to deal with unemployment by boondoggling or made work which does not interfere with private profit are thoroughly bad as we learned in the decade of the '30s. The political consequences to democracy will, if anything, be worse. Instead of setting up a working system in which there are jobs for all able-bodied adults who desire them, the Government becomes a dispenser of the ancient dole of bread and circuses to the unemployed. It is understood that the voters will not shoot Santa Claus, and moreover that they will choose the most likely Santa Claus among candidates. This is the situation which jeopardizes intelligent democracy. It makes citizens dependent upon government.

By contrast, we democratic socialists insist that the masses of the people have so many unsatisfied wants that there is no excuse for unemployment. Full employment is a matter of increasing at one and the same time the production of goods and the spending power of American families. In peacetime it does not require the arbitrary regimentation and excessive bureaucracy of wartime.

The major principles on which we insist are these:

1. The commanding heights of a modern economic order, the great natural resources, the system of money, banking and credit, and the operation of monopolies or semi-monopolies, including public utilities, must be socialized so that they can be used directly for the good of all rather than for the private profit of an owning class, increasingly of absentee owners. This public control is by no means to be exercised on the model of the Post Office (which after all we prefer to the American Railway Express) but through public corporations on which will be represented the consumers and those who invest their labor of hand or brain in the particular industry.

2. Outside of this field of monopoly we want to create a Full Employment Finance Authority which will lend money to stimulate production by non-profit-making corporations and consumers' cooperatives. Not only would such a government authority offer a job budget, but it would also indicate the areas, functional and geographic, in which new enterprises might be started. This authority would make available to non-profit member corporations money at the same rate at which the government itself can obtain it. Investment in new enterprises would be of public concern and geared directly to the people's needs rather than to the preservation of private profit. The operating agencies would not be government bureaus. This plan is essentially democratic as no other plan has been, in that it helps the people to help themselves. We understand that a bill embodying these principles is to be presented to Congress by a committee organized for this specific purpose.

3 .The annual outlay, which must match production in order to keep things going, will have three major elements: (a) expenditures in support of government agencies and public works of general advantage; (b) investment in the expansion of non-profit and cooperative enterprise; and (c) direct consuming power of farmers and workers. This last element is of the utmost importance.

Family incomes in America must be raised at least 50% to permit the people to take the place of war as the great consumer of goods. This is a matter primarily of wage increases, matched by increased production. It is also a matter of a far more adequate system of social security from the cradle to the grave with allotments as a matter of right to children and elder citizens.

It is only along these lines that poverty and unemployment can be conquered. I ask that your Committee carefully consider it. There is no time to be lost.

Text of Telegram from Senator Wagner:

Harry Fleischman, National Secretary, Socialist Party, 303 Fourth Avenue, New York City.

As result of President Truman's request for immediate action on full employment bill regret that no additional time can be made available for personal testimony. However statement for the record can be left in my office any time.

ROBERT F. WAGNER,
Chairman Banking and
Currency Committee.

N. Y. Wool Exchange Elects Officials

Wool Associates of the New York Cotton Exchange, Inc., announce the election June 4th of the following slate of officers and members of the Board of Governors for the 1945-46 term: President, Bernard J. Conlin, New York City; First Vice-President, Albert W. Hilliard, Boston, Mass.; Second Vice-President, Lawrence P. Hills, Boston, Mass., and Treasurer, Benedetto Lopinto, New York City.

Governors—B. Harrison Cohan, J. Davis, Tinney C. Figgatt, Arthur N. Gorham, Joseph P. Henican, Jr., Frank J. Knell, Stanley H. Lawton, Max W. Stoehr, Philip B. Weld, Arthur O. Wellman and John M. Williams.

President Bernard J. Conlin succeeds himself in office. He served during the 1944-45 term. Albert W. Hilliard and Lawrence P. Hills and Benedetto Lopinto also were elected to serve their second term. J. Davis and John M. Williams are new members of the Board of Governors, replacing Marland C. Hobbs and Robert J. Murray.

This advertisement appears of record only and is not, and is under no circumstances to be construed to be an offering of these securities for sale or a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

NEW ISSUES

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Dated August 1, 1945 Due August 1, 1955

Price 100 and accrued interest

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With Common Stock Purchase Warrants

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August 29, 1945

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Mutual Funds

"All The World's A Stage"

"Accepting Shakespeare's expression that all the world's a stage and its men and women merely players, the curtain has just rung down on the most resounding act of all the ages," writes **Lord, Abbett,** in a current Investment Bulletin on **Affiliated Fund.**

Charts based on the theory that the record of the past is the best guide to what lies ahead, are presented as an aid to the investor in gauging the future.

One set of charts shows the actual relative levels of national income, industrial production and stock prices before, during and after World War I. **"In each case the average for the postwar decade was substantially higher than either the war-time peak or the pre-war level."**

The second set of charts presents the pre-World War II averages, the wartime peaks and estimates for the 1945-55 decade arrived at by taking the same percentage relationship to pre-war levels as prevailed after World War I. "Even so stated, the suggested post-war averages for national income and industrial production are well above any previously attained in peacetime years."

Railroad Bond
Shares

A Class of Group Securities, Inc.

Prospectus on Request

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GROUP, INCORPORATED
63 WALL ST. · NEW YORK 5, N. Y.

Tobacco Stocks for Income Buyers

In a covering letter to dealers on a new **Tobacco Shares** folder, **Distributors Group** calls attention to the outstanding investment characteristics of leading tobacco stocks. The record of stocks in this class, the letter points out, rivals that of bonds in conservatism. Four important facts are highlighted:

"Stocks of leading tobacco companies:—

"1. Have unbroken records of earnings and dividend payments running from 30 to 40 years.

"2. Have proved to be more depression-proof than many types of bonds.

"3. Offer price appreciation possibilities—protection against present inflationary trends — that bonds wholly lack.

"4. Provide generous return today with excellent prospects for postwar increases in dividends."

Investment Status of Medium Grade Bonds

A chart showing earnings protection for 35 minimum-grade bonds is presented in **Keystone Corp.'s** current issue of Keynotes. The chart covers the period from 1936 to 1944 inclusive and Keynotes points out that during this nine-year period the companies earned their interest charges 1.75 times on average. During the past four years interest coverage averaged 2.35 times.

"Some of this improvement, without doubt, is due to war conditions. But there has been a vast improvement in the financial condition of many companies in this group. Near-term debt has been paid off, high-coupon bonds have been purchased in the open market, sometimes at considerable discounts, and working capital has been strengthened.

"Most of these companies will, therefore, go into the postwar period much stronger than they were prior to the war."

Excess Profits Taxes on 300 Stocks

The first progressive step, reports **National Securities & Research Corp.** in the current issue of Investment Timing, towards lifting the tax load which business and industry have had to carry during the war period was marked by the recent passage of the interim or Reconversion tax bill. This bill raises the excess profits tax specific exemption from $10,000 to $25,000 and also permits corporations to apply against current taxes the 10% credit on the excess profits tax paid.

A tabulation gives the 1944 excess profits tax per share, 1944 earnings per share and current market price for 300 companies.

The article concludes:—"With the reduction or elimination of the excess profits tax after this year, more normal business earnings conditions will be restored. Companies whose pre-tax earnings are well-maintained as compared with wartime results, and which paid large excess profits taxes, will benefit by carrying through of a larger proportion to net earnings."

The Railroads

Calvin Bullock's latest Perspective gives a detailed analysis of the railroad industry as to its investment merits. The report reviews the market action of railroad bonds and stocks during past periods and discusses a number of "sobering factors" which should be given careful consideration by the investor.

"It is not possible," continues the bulletin, "to appraise all of the favorable and unfavorable factors affecting the railroad industry today primarily because the answer to many questions and the solutions to many problems must await the passage of time. However, barring any seriously adverse developments the railroads should be able to operate at substantial profit in the postwar period when industry in general will be filling the orders for huge quantities of all types of civilian goods. . . .

"There is ample evidence to justify the renewal of investor faith in the better situated rail securities, and carefully selected rail bonds and stocks should provide a satisfactory investment experience over the longer term."

Boston Fund

The Boston Fund reports total net assets of $15,863,147 on July 31, 1945, equal to $19.97 per share on the 794,187 shares outstanding. This compares with total net assets of $12,746,609 or $17.82 per share on the 715,211 shares outstanding on July 31, last year.

"Green Light"

In a current bulletin on **National Selected Groups Series,** the sponsor, **National Securities & Research Corp.,** briefly sketches the existing situation in the light of latest developments for four major industries, namely, automobile, building, household and office equipment and railroad equipment.

All four industries, according to the report, will have little trouble reconverting and, what is more important, they have peacetime customers who need their products on a scale never before realized and who have the funds to buy them.

Aviation's Great Future

In this week's Current Considerations, **Hare's Ltd.** discusses the future of the aviation industry. The bulletin calls attention to the strong upward trend of commercial flying, the advanced designs soon to be produced and the continuing aircraft requirements of the Army and Navy as being among the many favorable influences with respect to the aviation industry's bright future.

Mutual Fund Literature

National Securities & Research Corp.—Current bulletin on **National Speculative Series.** . . . **Keystone Corp.**—Inserts for Supplements to the General Prospectus for **Keystone Custodian Funds, Series S-1 and S-3.** . . . **Lord, Abbett**—Latest issue of Abstracts; Investment Bulletin on **Union Common Stock Fund.** . . . **Calvin Bullock**—Current issue of the Bulletin; revised folder entitled, "A Brief Description of **Dividend Shares.**" . . . **Selected Investments Co.**—Latest copy of "These Things Seemed Important." . . . **Hare's Ltd.**—Folders on **Aviation Group Shares, Bank Group Shares** and **Insurance Group Shares** of **Institutional Securities, Ltd.** . . . **Broad Street Sales Corp.**—Current issues of the Letter and Items.

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Bernard Aronson Co. Will Admit Hall and Hardiman

Matthew J. Hall and Frank J. Hardiman will be admitted to partnership in Bernard Aronson & Co., members of the New York Stock Exchange, as of Sept. 5. Mr. Hall was formerly a principal of M. J. Hall & Co.

Bernard Aronson & Co. will be located at 11 Wall Street, New York City, after Sept. 1.

Great Northern Bonds Won by Halsey Stuart Group—Reoffered

A large group of underwriters headed by Halsey, Stuart & Co., Inc. won the award on Aug. 28 of $75,000,000 Great Northern Railway general mortgage bonds and immediately reoffered the securities, consisting of $37,500,000 series N 3⅛s due Jan. 1, 1990, and $37,500,000 series O 3⅛s, due Jan. 1, 2000. The series N bonds are being offered to the public, subject to Interstate Commerce Commission approval, at 100% and the series O bonds are being offered at 99.35%, plus accrued interest in each case.

Net proceeds from the sale of the bonds, together with company funds to the extent required, will be applied to the retirement of $86,956,000 aggregate principal amount of general mortgage bonds as follows: to the redemption on Jan. 1 ,1946, at 104% and accrued int., of $50,000,000 3¾% bonds, series I, due 1967, and to the redemption on July 1, 1947, at 105% and accrued int. of $36,956,000 4½% bonds, series E, due 1977.

Upon completion of the sale of the series N and O bonds, and application of the proceeds, the Great Northern's funded debt will have been reduced by $103,371,131, or 30%, since 1935. Interest on the funded debt will have been cut an estimated $10,165,000 or 54%, in the same period.

Railway operating revenues for the first half of this year were $98,695,166, and income available for fixed charges was $13,606.894, including dividend from Burlington of $2,075,448. This compares with $98,417,835 and $12,252,244 for the first half of 1944.

The supplemental indenture will provide for an annual sinking fund payment each July 1, commencing with 1947, as long as any of the series N or O bonds are outstanding in the hands of the public, or $375,000, or the Company's net income for the previous calendar year, whichever is smaller.

The bonds are redeemable, at the option of the Company, at prices ranging from 105% to par for the series N and 104⅜% to par for the series O, and are redeemable through the sinking fund, at prices scaled from 102% to par for the series N, and 101⅜% to par for the Series O, plus accrued interest in each case.

The Great Northern is one of four transcontinental railroads reaching the Pacific Coast in the Northwest United States, and owns 7,911 miles of road in Wisconsin, Minnesota, Iowa, North Dakota. South Dakota, Montana, Idaho, Washington, Oregon, California, and British Columbia. The Great Northern and the Northern Pacific Railway each owns 48.59% of the capital stock of the Chicago, Burlington & Quincy RR., which operates 8.964 miles of road. and in addition, the Great Northern owns half the capital stock and bonds of Spokane, Portland & Seattle Railway.

Charles Truesdell Has Rejoined R. S. Dickson

CHARLOTTE, N. C.—Charles L. Truesdell has rejoined R. S. Dickson & Co., Inc., Wilder Building, after 44 months in service. Mr. Truesdell was overseas for 22 months as a navigator on a B-24 in the Pacific Area, where he flew 55 missions. He was a captain when placed on the inactive list and had the Air Medal with two clusters, Pacific Area Campaign Ribbon with six stars, and the Philippine Liberation Ribbon with two stars.

Mr. Truesdell will be Assistant Manager of the municipal bond department for R. S. Dickson & Co.

Seaboard Railway Company

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SEC Hearings on NASD By-Law Amendments

(Continued from page 931)

masse and did not give those desiring to do so an opportunity to vote separately on each amendment.

He further contended that under the Maloney Act only NASD members were subject to disciplinary proceedings and that there is no authority in the Act for the proposed registration of salesmen, traders, etc., which the NASD is now attempting to effect.

Answering the arguments of the proponents, he contended that the attempt to create a schism between salesmen and traders and their employers upon the alleged ground that salesmen and traders as a group are dishonest cannot possibly find any support under the facts. He claimed that salesmen and traders as a class are no more honest or dishonest than their employers. He stressed the fact that the ballot, contrary to the by-laws of the NASD, was not in fact a secret ballot and that there was official interference with voting in the form of pressure brought by the Board of Governors and its representatives.

Certain exhibits bearing upon the NASD by-laws were introduced in evidence and upon request made, the Commission is keeping the record open for a period of seven days in order to complete the record.

Rulings

The Commission was asked by Mr. Kole to rule on the following matters: (a) his request for leave to file a brief, (b) the taking of testimony on the subject of alleged NASD Board interference with the balloting and (c) that the operation of the proposed amendments be stayed until the Commission shall have rendered their decisions and entered a formal order therein.

Others Present

Amongst the observers were L. A. Gibbs, of Laird, Bissell & Meeds, of New York City, who acted as an observer for the National Security Traders Association and the Security Traders Association of New York, and James A. Duncan, Jr., of J. R. Williston & Co., of New York City.

Woodrum to Leave House After 23 Years

Representative Clifton A. Woodrum (D.-Va.) will not seek reelection next year but will retire from the House after 23 years of service when his present Congressional duties have been completed in order to become President of the newly organized American Plant Food Council, it was announced from Washington by special dispatch to the New York "Times" on July 31. The Council, formed in March, represents all divisions of the fertilizer industry, including farmer co-operatives. Mr. Woodrum's appointment becomes effective September 1.

According to the "Times" report, Mr. Woodrum is ranking majority member of the House Committee on Appropriations, as well as Chairman of the Select Committee on Post-war Military Policy. A vigorous supporter of the Administration's foreign policy, he was for some years before Pearl Harbor an active leader in the movement to accelerate military preparedness. He was voted one of the five ablest men in Congress in a poll held recently among Washington newspaper correspondents.

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Railroad Securities

Some Railroad Fundamentals—C. & O. Merger GN Refunding

The outstanding developments of the railroad market in the past fortnight have been (1) the extreme severity of the decline in both stocks and bonds, (2) news of the proposed merger of Chesapeake & Ohio, Pere Marquette, Nickel Plate and Wheeling & Lake Erie and (3) the decision of the directors of Great Northern to go through with their refunding operation despite the declining tendencies in the bond market.

As measured by Dow-Jones indices, railroad bonds at recent low levels declined some 9% from their June recovery level, defaulted rails approximately 20%, and 20 railroad stocks a little less than 20%. In some individual instances the reaction was particularly severe, extending beyond 40%.

Although a reaction was clearly foreshadowed as a result of the increase in margin requirements by the Federal Reserve Board some six weeks ago, the severity of the recent reaction was entirely unexpected, in view of the industry's favorable fundamental outlook. Other than technical reasons, presumably the most import factor in the sharp reaction was the remembrance of investors of the market collapse of railroad securities in 1931 and 1932, and again in 1938 following the recovery of 1937. Overlooked in this reasoning are the substantial financial improvements of recent years, as marked by an overall decline of debt of some $3.5 billion, an overall decline in fixed charges (allowing for full completion of Section 77 reorganizations) of some 30%, and of a strengthening current financial position whereby working capital of $1.8 billion compares with an average of only $200 million during the depression 30s, and $500 million in the prosperous 20s. Even this strong working capital position is understated in that the industry will of necessity benefit from the carryback provisions of the 1942 Revenue Act and from the accelerated amortization of the unamortized facilities now being written off on a sixty months basis.

Also overlooked is the fact that the end of the war has come at a time when the industry has an excellent earnings cushion, with any immediate contraction of gross or net income borne largely by carrybacks against excess profits taxes paid for the first eight months of this year. As a result of these tax carrybacks, net earnings for 1945 will in all likelihood equal those of 1944, which were eminently satisfactory.

Admittedly the railroad industry does face serious post-war problems in the form of more intense competition from trucks and airlines and even from water competition, both coastwise carriers and inland barge lines. It also faces probable increases in wage rates, to the possible extent of 7%. The latter, however, will in all probability be offset in part, if not in their entirety, by an increase in freight rates, since the ICC in effect has a greater vested interest in the railroad situation than ever before, having already reorganized some ten important Class I carriers, with plans for reorganization of some 20 additional carriers under their jurisdiction.

If, as generally expected, we are to have a building boom of a decade's duration during which some 12 million houses will be erected, and if merely to fill the accumulated deferred demands of the war period we are to have a series of years in which automobile production will equal six million cars, and if the electrical equipment industry will produce for a series of years an output equal to that of 1941, then it is reasonable to expect railroad revenues of 50% more than in the depression 30s.

In fact, we envision gross revenues declining no more than 40-45% below the levels of the last 12 months. If this estimate proves correct and if we further assume total elimination of excess profits taxes and retention of normal and surtaxes at the rate of 40%, then earnings of the next three to four years should approximate the recent earnings peak established after payment of heavy excess profits taxes. The action of the market itself seems to controvert this optimistic forecast, but again we believe that in retrospect sellers of railroad securities will have misjudged the rails' ultimate potentialities just as has been the case since 1940.

The proposed C. & O. merger is of sufficient importance to justify an article in itself. Space limitation restricts our comments to one important phase. In the past decade or more, C. & O. has enjoyed investment esteem because of its relatively stable earning power. With the elimination of excess profits taxes virtually assured, Chesapeake & Ohio should be able to earn $5 per share in the post-war year without making any allowance for excess earnings flowing through from PQ, NKP and Wheeling. Excess earnings of these properties could conceivably augment C. & O.'s earnings by some $2 or $3 per share, provided potential economies are actually realized. Investors, however, should recognize that the new System's earning power will reflect a greater degree of cyclical fluctuations and the new stock is not likely to enjoy the same investment esteem as previously, because of the loss of its previous earnings stability. Accordingly, instead of capitalizing overall earnings of the new C. & O. System equity on a 13 or 14 times multiple, a more realistic multiple recognizing the inclusion of a more variable earnings factor would probably be 10 or 11 times.

On Aug. 28 Great Northern accepted a bid of 98.5679 for $75,000,000 3⅛% bonds, thereby com-

(Continued on page 951)

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The Securities Salesman's Corner

By JOHN DUTTON

The brave, post-war world is here! All the plans that have been made and talked about, as well as the planners and talkers themselves, are now face to face with REALITY. Well, we'll see what we shall see.

As far as the securities dealer is concerned he has one problem—it is the same old story over again—WHAT IS THE BEST WAY TO KEEP AND HOLD ON TO HIS CUSTOMERS? The writer of this column makes no pretensions regarding his abilities as an economist. However, since he has spent the last 20 years of his life selling securities to his customers, certain facts now stand out that are gleaned from the experiences of the past. This is true because anyone who has conducted a retail business in securities during the past two decades must have had some practical experience in PICKING THE RIGHT SITUATIONS AS WELL AS SELLING THEM. The proper selection of securities which a dealer offers to his clientele, depends upon a combination of factors, AND AN UNDERSTANDING OF POLITICS, INTERNATIONAL AFFAIRS, MONEY RATES, GOVERNMENTAL FISCAL POLICY, LABOR TRENDS, AND PUBLIC PSYCHOLOGY, AS WELL AS THE ABILITY TO ANALYZE INDIVIDUAL SECURITIES. This may not make an economist out of a securities dealer but it does mean that if you are a successful securities man, you must be right more often than you are wrong in judging SECURITY VALUES. The acid test of your predictions in this business is PERFORMANCE.

The way it looks to this writer as far as the future is concerned is as follows: The future is clouded in uncertainty—more so than at anytime that we can remember. As far as we are concerned our watchword from now on is "BE ALERT." Be ready for change—take nothing for granted—skip the headlines and try and get at the underlying factors which will change from month to month, and possibly day to day. Don't go overboard for slogans, cliches; the promises of politicians or the rosy dreams of the planners. Be optimistic but careful! This world ECONOMICALLY SPEAKING is in the greatest mess in its history. Europe is busted; political chaos rules in Spain, Bulgaria, Rumania, Yugo Slavia, Greece, etc. England with its new labor government is already lerning that it will take more than Mr. Laski's bubble-pipe to bring them out of their financial and economic miseries. A great wave of post-war lending to Europe (just like the situation after the last war) is once again relied upon to build up a post-war, world-wide prosperity. (Only this time the government knows that private individuals who were the suppliers of these funds in the twenties) won't do it again; so they are giving us Bretton Woods and the Export Import Bank who will do the job at the expense of all the citizens of the country). India, China, the rest of Asia, with their teeming millions of poverty stricken natives, are seething with potential civil war and unrest. And Russia is still the "A-number-one" enigma of the world.

Here at home we have a great backlog of unsatisfied wants—we need millions of new homes, cars, planes, new machinery, and the rehabilitation of our railroads—also consumer goods in almost every category. But we have a great debt—the banks are loaded with government bonds—credit expansion possibilities are awesome in their implications. The administration now in power will have its eye on the coming elections—more spending is still the cry of the vote catchers, AND THE HUGE TAX BURDEN NOW CARRIED BY THE INDIVIDUAL, AS WELL AS THE CORPORATIONS OF THIS COUNTRY, STILL ACTS AS THE GREATEST DETERRENT TO BUSINESS EXPANSION WHICH IS FACED BY THOSE WHO CREATE THE JOBS, AND UPON WHOM THE BURDEN OF PROSPERITY AND EMPLOYMENT ULTIMATELY DEPEND.

Summing up—as far as we are concerned—in our office we are going to be careful. We are going to pick the securities that we believe are going to perform well **within the coming year.** We are not going overboard on anything. We are going to sell our customers common stocks that have possibilities for price appreciation—we don't care whether they are selling for .50¢ per share or $200.00 per share as long as they represent VALUE. We are going to be ready to change over entire portfolios at a moments notice. We are in this business to sell THE RIGHT SECURITIES AT THE RIGHT TIME, and we don't care whether they are speculative common stocks, preferred stocks (with or without accumulations), medium grade bonds, or high grade bonds (which we don't like now). In other words, we know we are in a world that has gone cock-eyed, but our business is keeping our customers—and if we have to throw the rule book away to do it, that's exactly what we'll do.

On the battlefronts of the world the war has ceased—on the economic battlefronts it has just begun!

Scott Elected President Of Amer. Banking Inst.

David T. Scott was elected national President of the American Institute of Banking at a meeting of the executive council held in Cleveland on June 5. Mr. Scott is also Assistant Cashier of The First National Bank in Boston, Mass.

Also elected was George J. Greenwood, Jr., Assistant Manager of the Portland (Ore.) branch of the Bank of California, to the position of First Vice-President. This means that in all probability Mr. Greenwood will succeed to the presidency next year.

Dewey Calls For Democratic Economy and Lasting Peace

(Continued from page 933)

genius of a free society can out-produce a totalitarian society.

It has cost us a million casualties in the United States to demonstrate that principle. Hundreds of thousands of Americans have died. Many hundreds of thousands will be permanently scarred and disfigured for life. Families have been bereaved in every State of the Union. Our national economy has suffered tremendously. We have burned up hundreds of billions of national wealth which would otherwise have been available to the people.

We have incurred a debt so great that there are many who say no free government can carry that kind of debt. We have destroyed our resources of iron, of oil, and of lumber, and our natural resources of almost every other category to a degree never equalled before in any civilization.

So we face the future with some handicaps. But first of all we have to get our thinking straight. After we face this period we have to decide what kind of a country we want. There are those among us who say that government must now take over the job of running all life in America. There are those who wish, in short, to establish a totalitarian state in this country. They, of course, loudly proclaim and object to totalitarianism. They loudly say they are Anti-Nazi, which they are, but they would substitute by their insidious propaganda the proposal that we all softly relax upon the bosom of an all-powerful government. They would lead us gently into a totalitarianism from which we could never escape. Those people are, of course, the prophets of gloom and of doom. They point to the temporary unemployment of the reconversion period and loudly say that this is a time when government must take over management of all the affairs of men. Those people deny the very thing for which we fought and won this war. They would deny to America and bring to an end the great genius of freedom which made it possible for us to out-produce and out-fight the whole world. It was that genius that enabled us to produce the implements of war for all of our Allies, including Great Britain and Russia—to such a staggering extent that we overwhelmed the two war-like nations on earth, Germany and Japan.

Warns Against Totalitarianism

These prophets of gloom want us to forget the things we fought for in this war and establish a totalitarian government here which would in short negate the very thing for which hundreds of thousands of Americans died, and hundreds of thousands of others have sacrificed their bodies and for which some 15 million more Americans bore arms and gave up the flower of their youth. My answer to them is that we must not, we can not and we are not surrendering to their totalitarian ideas. Having won freedom we propose to keep it.

Now, therefore, what do we need in this State and nation to see that we do keep it? We need a few very simple things. First of all we need to get our thinking straight and decide that having won freedom we are going to keep it. Then we need that boldness, that spirit of adventure, of risk, daring and of courage on the part of our people with which we won the war. We need it first in our democratic civilian life, we need it secondly in our willingness to experiment, to go forward in a great world organization to keep peace.

We need a willingness to sacrifice. We need to stop bickering and quarreling and to go to work both for democratic economy and to keep the peace of the world for all the years to come.

Unfilled Needs

We have today in the United States the largest volume of unfilled needs in the history of the world. We need more of everything we know how to produce than we ever did before. We need an inestimable number of refrigerators and radios, of new freezer lockers, automobiles, flat irons, of hair curlers, of everything from electric bulbs to farm tractors. We have, in other words, the greatest unfilled need in history. We have the greatest skills in history. All we need are the men who are willing to go out and work for a system which will give them an adequate reward and freedom if they do it. First of all, then, we need men with courage, and willingness, to risk their savings and the boldness to plan and execute those plans. And, secondly, a government which, by its approach to our economic system, will reward this business of making good and making jobs and make it possible for us to achieve what is clearly ahead of us—the greatest productive era in the history of the world. We need this spirit in every branch of our economy. We need it in manufacturing. In New York State I believe we have it. We need it in small business, in agriculture. Right down in Pawling, a village of 1,200 people, three of the larger business establisments of that little town have gone out of business. Our hardware store closed, the biggest general store closed and the biggest filling station and garage closed.

We have in this State alone an estimated 100,000 small businesses to be created. We need 100,000 men with the sense and the courage and the willingness to risk their savings and create those small businesses, because the people of our State are crying for their services.

We need everything from the men who repair watches, which you can't get repaired now, to the men who operate gasoline stations, the roadside stands, the corner store of every kind and character, from shoe repair shops to the sale of dry goods. We have all the needs. All we need is the men to go out and fill them.

Then there is an incalculable gain in business and employment waiting, ready to be filled. The same is true with agriculture. We have made great strides in agriculture in New York in these last three years in processing, in our resources, in the artificial breeding of cattle, and in marketing. We have the need today only for the willingness to open our minds and face the opportunity to maintain this great production of food for a people which has learned to eat better food than ever before. Agricultural production is up some 30% since prewar years. We can eat every bit of that food if we will maintain the high standards of diet we now have. We need to avoid the malnutrition we found when examinations for the draft were taken. Now what can government do?

Reward Risk

Government can reward risks first. Secondly, it can create the atmosphere of friendship in which men can be encouraged to go forward and reconvert in every line of manufacturing to fill these great needs and keep courage to go out and start these 100,000 businesses that we needed in New York State alone just to serve our people. Third, we need a free attitude in our society; we need a willingness on the part of business, labor and agriculture and government and every other element of the society to work together. Fourth, we need a willingness on the part of everyone, business, labor and agriculture, to produce to the maximum because we cannot enjoy the future ahead of us unless we produce more and we have all the facilities to produce vastly more than we have had before.

We cannot achieve the high standards of wages and incomes which are clearly ahead of us unless we produce the goods to sell.

And, lastly, government can insure a fair deal for every element of our society. It can see to the extent that any government can that monopoly is prevented, that the information and service of the government are freely available, that they are efficiently made available. We can see that every man has his own opportunity in a free society.

Seaboard Finance Co. Securities on Market

A nation-wide banking group headed by Van Alstyne, Noel & Co. and Johnston, Lemon & Co. on Aug. 29 offered $3,000,000 5% 10-year sinking fund subordinated debentures maturing Aug. 1, 1955, and 70,000 shares of $1.50 cumulative preferred stock, series A, with attached common stock purchase warrants, of Seaboard Finance Co. The debentures are priced at 100 and accrued interest, and the preferred stock at $30 per share and accrued dividends.

Seaboard Finance Co. was organized in December, 1943, for the purpose of acquiring control of Seaboard Finance Corp. and Seaboard Finance Co. of Calif., now its two principal subsidiaries. The company and its subsidiaries are engaged in the personal finance business, making small loans to individual borrowers, and purchasing retail term sales contracts originating with furniture stores and automobile dealers. It is approximately fifth in size among the small loan companies in the country and operates 47 loan offices in 12 states.

Proceeds from the sale of these securities will be used to retire two classes of preferred stock of a subsidiary; to retire loans from certain officers and directors; and to reduce secured bank loans. It is anticipated that this financing will improve the credit of the company and its subsidiaries and make it possible for them to increase substantially the size of their bank loans, and, therefore, the volume of their business.

In addition to these issues of debentures and preferred stock, the outstanding capitalization of the company will consist of 590,039 shares of common stock, par value $1.

Gain in Deposits of NY Savings Banks

With a net gain in savings deposits for June of $86,275,221, the 131 savings banks of New York State report a six months' increase in deposits of 8.4% or $595,049,597. This represents net new savings for 1945 over and above people's war bond purchases, it was pointed out by the Savings Banks Association of the State of New York, on July 17 and is the largest six months' gain in savings bank history. The net gain in new savings accounts for the same period was 160,994 with the gain in June amounting to 23,091. As of June 30th total deposits were $7,710,947,323 and the number of accounts was 6,657,822.

U. S. and British Exchange Rates

(Continued from first page)

outlines of post-war international exchange policies begin to emerge.

Bretton Woods, to begin with, poses the principle of stabilization on gold. True, it permits a 10% change of the gold content of each currency, also concerted devaluation of all currencies, and occasional devaluations if a "fundamental disequilibrium" arises. Moreover, the member countries retain their full freedom of monetary manipulation until they enter the Fund, and recover it again if and when the International Fund's holdings of crucial currency ($2.75 billions) are exhausted, which may be the case in less than two years. Nevertheless, the principle of stability is at least proclaimed, with the implication that if it cannot be maintained the responsibility is with us: we are supposed to put in more dollars. We will, to be sure: $3.175 billions in the International Bank, $1.5 billions in UNRRA and $3.5 billions in the Export-Import Bank are foregone conclusions, with further $6 to $12 billions for Russia, $3 to $6 billions for Britain, and proportionate amounts for France, China, Holland, etc., under benevolent consideration.

So long as dollars are forthcoming in such a grandiose fashion, no "fundamental disequilibrium" can possibly arise. The intention, at any rate, to hold the leading currencies at a gold par is apparent. The ability to do so—for some time—is unquestionable, too. Especially so in view of the fact that the outer-world holds some $20-odd billions in gold and dollar balances, and that it will be provided currently with many more billions through our prospective imports from and tourists to foreign countries.

All of which adds up to the prospect of a fairly general exchange "stabilization" for the next few years. This holds in the first place for our money: how could we violate the law which we laid down ourselves, overcoming British idiosyncrasies in favor of their national sacred cow, the unlimited right of exchange manipulation? The Soviets left no doubt from the outset about their preference for a gold standard. The British and French can be expected to live up to their commitment, once they swallow Bretton Woods. The sterling area is included and there will be no difficulty (for a while) with the gold-saturated neutrals and Latin Americans, nor, of course, with the occupied countries. That makes the gold standard practically unanimous, but. . .

What Stabilization Means

Stabilization and gold standard do not mean what they used to mean. That is made perfectly clear—for those who can read—in the Bretton Woods document itself.

It implies a "gold standard" of the type the Nazis have developed: the monetary unit kept nominally at the gold par, but actually non-existent in international relation. This is the sense of foreign exchange restrictions: that the country which indulges in them regulates the flow of international debits and credits by cutting down the former and thereby balancing its accounts with foreign nations. And this is exactly what the Bretton Woods program stands for, namely, a so-called transitional period of at least five years, to be lengthened at will, during which all war-time foreign exchange restrictions can be maintained and new ones introduced. In addition, obligations incurred during the transition period may be frozen forever; all (undefinable) capital movements may be put into the same straitjackets indefinitely; and the members regain their full freedom of doing as they please once the dollars in the Fund are exhausted.

But the details are immaterial. The point is that for the next five, and possibly the next 25 years, the gold standard, on which everybody agrees, shall be non-existent. It will be a sheer fake and illusion, as good as the German mark was when Dr. Schacht bragged that it was the only currency left "on gold." But you risked a vacation in a concentration camp if you moved marks into or out of the country; you couldn't sell them abroad except on the black market at fantastic discounts; foreign balances in Germany were frozen; exports and imports were completely regimented, compressing the latter by devious methods to fit the size of the former; and the Germans could neither travel nor invest abroad (unless as refugees or as Nazi agents).

The phantom gold standard of the Bretton Woods program could be described as a financial hokum of first magnitude. It pretends to put the members on gold while in reality they need not have a cent of gold; their money need not be convertible into gold; they can proceed with artificial cheap money and unrestrained paper inflations contrary to everything the gold standard implies. It pretends to eleminate "multiple currencies," meaning the German clearing and payment agreements, but in reality permits them because exchange restrictions necessitate different valuations for different types of balances frozen in the regimenting country. It pretends to create economic peace, while it lays the foundations of a self-perpetuating international economic warfare. We are sold on the program of giving away billions upon billions, supposedly to restore economic equilibrium in the world, thus guaranteeing our own markets and our own peace. In fact, we are going to finance a system that amounts to legitimizing and consolidating vested interests in vicious self-sufficiency policies in each individual member country, ultimately directed against us.

The Future of the Dollar

What of the dollar under such circumstances? Credits we extend will be largely utilized to pay for our exports, while at the same time our imports will grow as soon as goods and tonnage are available. Consequently, the paradoxical war-time situation: a vast export surplus in goods coinciding with an import surplus in dollars to be paid for might continue. At any rate, a gold influx on trade account is unlikely, and we may even lose gold on balance.

Nor is much gold influx on account of capital movements in prospect. Even South Americans "swimming" in gold, have and intend to maintain restrictions on the outflow of capital. It stands to reason that in the first post-war years we will gain little or no gold, unless in a sporadic fashion. On the other hand, we can expect very substantial outflow of American capital. Private financing abroad is being actually fostered in the spirit of our international cooperation policies. Indeed, we will be one of the few countries that cannot afford foreign exchange restrictions of a sweeping nature, even against the outflow of capital for investment or speculative purposes. If we should stop investment in Canada, e.g., or in Latin America, we would upset the whole Pan American applecart. As a result, chances are that we will lose quite a fraction of the $20 billion gold reserve which is declining already. As it is, more than half of it, $12 billions, is mortgaged (so to speak) against foreign claims, some $9 billions among them representing the liquid reserves of foreign nations.

On the other hand, the total monetary volume is rising at the rate of about $50 billions annually. It is close to the $250 billion mark and is bound to grow further. Its gold coverage was about 6% when we went "off gold"; presently, it is under 8%. Internally, that means little or nothing, when we simply lower the reserve requirements as we did recently (to 25% of the Federal Reserve liabilities). But the exchange position of the dollar weakens progessively as the ratio declines. Coupled with rising prices such a decline may, and, at some point, must bring a rush "out of the dollar," forcing the choice between the alternatives: (a) introduction of exchange restrictions to stop the gold outflow; (b) new reduction of the dollar's gold content, and (c) a combination of both, starting with the first. It will mean the end of the era of international economic cooperation.

The Pound Sterling

However, this development is more likely to follow a post-war boom than to anticipate it. Otherwise, the world-wide "stabilization" would be doomed to failure from the outset. But "stabilization" must be! And even a professional money-manager like Keynes could underwrite Bretton Woods with a clear conscience, thanks to its devaluation-loopholes, and especially because it permits the carrying of war-time exchange restrictions into the unlimited future. The latter are a more effective and presently more desirable technique of monetary management than devaluation, which can only be used sparingly, while restrictions are a continuous and unrelenting weapon that is applied in a discriminatory fashion—another "advantage."

There are numerous reasons why British managers prefer the previously decried ("German") restrictions to the device of changing the pound's gold content, which they used to regard with so much pride. For example, much of Britain's new short-term debt, such as the one of well over a billion pesos (about $300 millions) she owes to Argentina, is provided with a gold clause; devaluation of the pound would not give the British any relief, while exchange restrictions do the trick by freezing that balance in London.

Exchange restrictions are essential also as part and parcel of post-war regimentation, which, in turn, is unavoidable in view of the disequilibrium between demand and supply from which Britain will suffer for years to come. Price control and rationing cannot be made effective without proper control of international trade in a country that is so deeply involved in it as is England's case. Exchange restrictions are a logical supplement to the kind of corporate state the Labor Party plans to introduce. They have the further advantage of being effective along lines which devaluation cannot fully be relied upon. Tourist spending abroad, e.g., cannot be completely stopped by making the foreign money more expensive (short of destroying the pound); capital flight out of the pound might be actually encouraged by devaluation. Both can be stopped once and forever by exchange restrictions, which are essential, too, in order to build up the Sterling Area, a purpose that would not be promoted by devaluations. The recent Anglo-Swedish agreement, e.g., practically joins the Swedish krona to the pound by permitting British purchases in Sweden with no date of payment set. That is nothing but the German type of clearing agreement, piling up the balances in the respective central banks and hoping for their liquidation by trade processes in years to come. More or less similar bilateral regimes are arranged with Belgium, Turkey, Bolivia, and other countries within and beyond the Empire. All of which, together with the vast short-term debt of Britain—estimated to reach $16 billions—foreshadows the permanence of exchange restrictions.*

They are preferable to changing openly the currency's gold content for a further reason. One devalues in a depression and hopes for prices to rise. But a devaluation applied in a heavily inflated monetary system may bring about a runaway inflation. This is the most important reason why all western countries are reluctant to resort to devaluations which they used liberally in the 1930's. Exchange restrictions, on the other hand, while in effect permitting manipulation of international trade and the value of the currency, do not create an inflationary presumption. They are not visible in the same sense in which a change of the currency's gold content is. The Germans under Hitler were convinced that their money was "good" in spite of all regulations and in spite of the fact that the mark was selling abroad at one-tenth of its nominal par. I found bankers in London this spring who were astonished to learn that the pound is selling well below par in New York. Most Americans ignore the fact that the dollar depreciated during the war to one-half or less of its par value. The general public ignores the unofficial quotations altogether and trusts its money as being on gold, so long as the parity is maintained nominally and prices are "stabilized" at home.

As a publication (April 28, 1945) of our Department of Commerce put it, "Many governments of Latin America and also certain of the British countries have definitely indicated their intention . . . to restrict (after the war) the amount of exchange to be made available for the importation of dispensable consumers' goods and equipment." It would be more realistic to say that most governments of the world are determined to maintain exchange controls even if they receive vast volumes of credit or are plentifully supplied with gold. In the case of Britain, it now turns out that she has $3½ billions worth of gold and balances in this country, and she will be on the receiving end of American credits. But her balance of payment is fundamentally unbalanced, with an annual deficit of $2 billions or more in prospect, her foreign indebtedness is so great and her cash resources are so substantially pledged in favor of the Sterling Area that she will not be able to maintain the par value of the pound—which she does not wish to abandon so as not to create an inflationary run—unless with the aid of hard-boiled restrictions on the outflow of funds from the United Kingdom. The latter will be the more unavoidable since she wants to maintain and improve living standards, and to proceed with semi-socialistic experiments which will enhance the difficulties of her international financial position.

Summary

All indications are that after the war, for some time, Britain will hold on to (approximately) her present exchange rates, but at the price of maintaining a system of barriers to trade that amounts to reducing both the real gold value of the pound and the freedom of international exchange to pure fiction. Accordingly, there will be as there is now, a black market in pound sterling with greatly fluctuating quotations, and a resumption of the economic warfare that gave the 1930's so much color.

As to the U. S., we may expect a gradual return to the pre-war type of gold standard, i.e., the resumption of free gold payments abroad. If so, the dollar has the prospect of returning to its par value on the world's markets, and this par will be maintained until such time as the loss of gold, the cumulative rise of the monetary volume, and the spread of internal price inflation will compel the nation to a reconsideration of its foreign exchange position.

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*That the Sterling Area has vast political implications may be noted in passing.

Railroad Securities

(Continued from page 949)

pleting its refunding program inaugurated several years ago. During the past decade total debt will have been reduced some $103,000,000, or almost 31%, and interest charges reduced from $18.7 million to approximately $8.5 million or 55%, the largest reduction achieved thus far by any Class I solvent railroad. As a result of this substantial reduction in fixed charges undoubtedly a $2 dividend will be declared on the preferred (only equity) in December and with probabilities pointing to post-war earnings of some $8 per share, ultimate restoration of its former $5 rate is a distinct probability. At current levels this equity appears to offer an unusual measure of investment appeal combined with excellent possibilities of appreciation.

35,000 Shares

JET HELICOPTER CORPORATION

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(Par Value $1.00 per Share)

Price $2.50 per Share

Copies of the Prospectus may be obtained from the undersigned.

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42 Broadway New York 4, N. Y.

Municipal News & Notes

Attention of dealers and investors in municipals is called to the fact that on Sept. 1 the State of New York's new Local Finance Law, setting forth the procedure governing the creation of debt by local public bodies, becomes effective. While the new code largely continues in effect the provisions of the former statute, it also includes several new provisions. Obligations authorized prior to the effective date of the statute, incidentally, may be sold in accordance with statutory provisions previously in effect, or the issuer may elect to comply with the new statute.

The latter provides for the issuance by New York State municipal governments of several types of indebtedness, as follows: Serial bonds, sinking fund bonds or corporate stock, bond anticipation notes, tax anticipation notes, revenue anticipation notes, capital notes and budget notes. Issues of sinking fund bonds or corporate stock remain, as heretofore, the exclusive prerogative of the City of New York.

Capital notes constitute a new type of permissible indebtedness and are intended primarily to cover financial requirements of capital improvements, cost of which may be liquidated in not more than two instalments without causing hardship to taxpayers. In addition, they may be issued to provide the "down payments" which the original and new law requires in the case of most municipal improvements or projects to be financed through a bond issue.

Such capital notes, also all other descriptions of permissible short-term debt, may be disposed of at private sale, after such publicity, if any, the borrower deems necessary or desirable. This, of course, does not preclude a public sale should the borrower so elect.

New York State has always been a proponent of bond sales via the sealed bid method and this policy is continued in the new law. Exceptions are permitted where the bonds are to be sold (1) to the United States Government; (2) to the issuer's sinking fund or pension fund, and (3) in the case of issues not exceeding $10,000, and bearing an interest rate of not more than 2½%, which are intended to finance purchase of highway machinery. Issues of the latter type, however, must have been authorized pursuant to the provisions of Section 142 of the State's highway law.

Heretofore, towns were permitted to sell privately four-year certificates of indebtedness for highway machinery purposes, and the effect of the new law is merely to change the terminology of the obligations from "certificates" to "bonds."

With respect to bond issues that must be offered at public sale, several methods of procedure are available to borrowers. In the first instance, the notice of sale may be published in a New York City financial newspaper, which will be designated by the State Comptroller. Where this is done, the municipality is relieved of the responsibility of giving any other publicity to the offering. Present Comptroller is Frank C. Moore.

However, the borrower may publish the announcement in a newspaper of its own choice and, in such election, is also required to circularize the notice among dealers which customarily compete for New York State municipal bonds. The minimum number of dealers thus contacted by the issuer will be set forth in a regulation issued by the Comptroller.

To implement this alternative method, the Department of Audit and control will keep and make available to any prospective borrower a copy of the list of eligible dealers. To be represented on the list, dealers are required to make a request in writing to that effect to the Comptroller. While the latter will not specify names of the dealers to whom the bond sale notice is to be sent, he will advise the issuer of the minimum number of dealers which must be informed of the offering.

No newspaper publicity of any description will be necessary where a bond issue of not more than $10,000 is to be sold for the purchase of highway machinery or equipment, school busses and fire apparatus. In such instances, the notice of sale is to be forwarded to a specified number of dealers as set forth by the Comptroller.

The State's chief fiscal officer will also specify the form and contents of the bond sale notice and this is not likely to deviate materially from the provisions previously in vogue.

Again, as in the past, award will be determined on the basis of the bid naming the lowest rate of interest. Where multiple bids specifying the same lowest interest rate are received, the offer naming the highest premium will get the award. Finally, where the notice of sale permits the naming of more than one rate of interest, award to be made to the bidder naming the lowest net interest cost.

The new law strictly prohibits the amending of an original bid either by telegraph or telephone. Any change in terms can only be made by delivery of a sealed amendment to the initial bid to the appropriate municipal official prior to the time set for opening of bids.

It goes without saying that the credit rating and debt structures of New York State municipal bodies are currently on probably the most favorable basis in more than a decade. Naturally, much of the improvement was a direct consequence of the war economy, which resulted in boomtime revenues and a sharp curtailment in debt incurrence.

However, the present exceptionally favorable fiscal status now enjoyed by local governments reflects in large measure the benefits accruing from the sound monetary procedures followed under the supervision of Comptroller Frank C. Moore. Probably the most important change wrought by Mr. Moore was to enlighten municipal officials on their responsibilities with respect to the extinguishment of indebtedness.

Prior to his taking office, a considerable number of taxing units had followed the dangerous practice of maintaining much of their debt interminably. Instead of making provision in the budget or otherwise for the payment of yearly bond issue maturities, they simply continued the obligation by issuing refunding bonds. This policy, coupled with necessitous emissions for municipal plant improvements, etc., served to bring the total debt burden, in some instances, to dangerous levels. In addition, it encouraged the manipulation of tax rates and assessed valuations in a manner highly prejudicial to the economic well-being of the municipality and its taxpayers.

It may be said in passing that this policy of "postponing the day of reckoning," was by no means peculiar to public bodies in the State of New York. As a matter of fact, it was widely followed by municipal governments generally and stands high on the list of the causes of the acute financial difficulties experienced by State and local political subdivisions in the early 30's.

Insofar as New York State is concerned, however, it was not until Comptroller Moore took office that the refunding evil was officially recognized as such and steps taken toward its eradication. To this end, Mr. Moore initiated the practice of sharply scrutinizing applications of local governments for authority to refund maturing indebtedness and the results of his vigilance was clearly apparent in his report for 1943, the first full year of his guardianship.

Dealers in
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS
F. W.
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

During this period, the record showed that local communities were permitted to refund $8,151,960 of maturing bonds, as against $22,193,000 in 1942 (Mr. Moore took office in November of that year); $10,360,950 in 1941, and $23,266,400 in 1940. Of all requests for refunding permission made during 1943, no less than 41% were either rejected by the Comptroller or withdrawn. No such application was disapproved in the earlier year, however, and only 2% were turned down in 1940 and 1941.

While Comptroller Moore thus lost little time in eliminating what is probably one of the most unsound of local fiscal practices, he was equally alert to the need for improvement in conduct of the finances of the State government. Among his contributions in this direction was adoption by the State, in 1943, of the policy of issuing its bonds in callable form, one effect of which is to make it possible for the State to speed up the retirement of indebtedness. Also, in 1943, the State's fiscal year was changed to more closely harmonize with the collection of revenues. This change was largely responsible for the State being able to avoid any revenue anticipation borrowing in that year.

The significance of this development on the State's finances is emphasized in the fact that interest requirements on short-term loans were almost $4,000,000 in 1933, when money rates were high, and even $420,000 in 1942, when the opposite condition prevailed.

With the State's coffers bulging as a result of wartime conditions, there naturally has been no necessity for any short-term borrowing in either 1944 or 1945. However, with the return of a normal economy, the value of the policies enunciated by Mr. Moore with respect to the financing operations of the State and its local governments, will once again attain their true significance. Meanwhile, as already stated, the State and its political counterparts enter into the post-war period with their finances in the strongest possible condition.

Moreover, the status of local units will be further strengthened permanently with adoption by the State Legislature of the program of State financial aid developed by a commission headed by Comptroller Moore. This program, in brief, will eliminate much of the past uncertainty and disappointment experienced by municipal officials with respect to participation in revenues collected by the central government and shared with local governments.

Refunding Plan for Dallas Levee Impt. Dist. Amended

The Bondholders Committee for the City and County of Dallas, Texas, Improvement District announces that the refunding plan adopted by District Board of Supervisors on June 26 last has been amended to provide for an increase in interest rates on the proposed new bonds. The upward increase in rates was made at the request of certain large creditors which have deposited their bonds with the committee.

The revised schedule calls for an issue of $6,000,000 refunding bonds, dated Oct. 1, 1945, due Oct. 1, 2005, and bearing interest rates of 1% through Oct. 1, 1955; 1¼% thereafter through Oct. 1, 1965; 1½% through Oct. 1, 1990, and 2% thereafter until redemption.

The committee also states that objections to the plan of all except two depositors of $7,000 bonds have been met and that the program has been accepted by holders of $4,041,000 bonds on deposit, or 67 1/3% of the district's debt principal. A petition for confirmation of the plan is expected to be filed in Federal Court in the immediate future.

Views of Comptroller of Currency Regarding Post-War Banking

(Continued from page 931)

pended upon to contribute toward the solution of many problems that will arise as the conflict is brought to a successful conclusion.

One striking phenomenon of wartime America has been an enormous increase in the number of people requiring some form of banking service. The physical capacity of the banks has been strained by additional duties arising out of war financing operations, the sale and redemption of bonds, the cashing of Government and pay-roll checks, ration banking, withheld taxes, and an increased activity in the use of checks. The number of officers and employees of national banks increased from 125,128 in 1939 to 148,803 in 1944. Despite this substantial increase in personnel, they have been shorthanded. The devotion to duty on the part of officers and employees, whose ranks have frequently been depleted and staffed with hastily trained men and women, deserves recognition.

The assets of national banks continue the trend noticed in previous war years. During 1944, investments in government securities increased $9.3 billion, and cash reserves increased $1.6 billion, while total assets have grown $12.4 billion. Earnings for the year show a moderate increase, and with very few exceptions are adequate for banks in all-size groups. Net earnings have been slightly under 10% of total capital funds and cash dividends amounted to 3.4% thereof. It is worthy of note that this results in a major portion of earnings being employed to build up capital funds.

While deposit liabilities increased $12 billion, capital funds increased only $315,000,000, adding to the already pronounced stretching of the ratio between deposit liabilities and invested capital. Of this increase in capital funds, a total of $268,000,000 was earned. While the aggregate of deposits may well remain at present heights or mount even higher, a return to normal business conditions will necessarily bring about some shifting of deposits between geographical areas and wise bankers are giving this factor weight in determining investment policy.

The national banking system has shown gratifying stability during the year. While the number of units declined from 5,046 to 5,031, the situation remains generally favorable to the continued growth and success of the system. More than one-half of the assets of the commercial banks of the nation are now held by the national banks.

The growth in the size of national banks in the 10 years from the end of 1934 to the end of 1944 is striking. In 1934, 3,374 national banks, or over 60% of the total number, had deposits of $1,000,000 or less. By the end of 1944, banks in this category had dropped to one-fifth of that number, constituting less than 15% of all national banks. This tendency is especially noticeable among the very smallest banks, those with deposits of $500,000 or less, which fell from over 2,000 in 1934 to approximately 100 in 1944.

The trend referred to resulted only slightly from expansion of branch banking and consolidation of existing banks. The shift is due largely to steadily increasing deposits of existing banks, particularly in the case of banks with deposits of over $2,000,000, which tripled in number during the 10-year period. At the present time, it might be said that the typical national bank has deposits of between $1,000,000 and $10,000,000, since institutions in that category make up over 70% of all national banks—as compared with less than 35% 10 years ago.

The same tendency appears also among banks of the very largest size—those with deposits of over $100,000,000—of which there were 97 in 1944 as compared with 25 in 1934. Although these institutions (which are located in over 50 cities in two-thirds of the States) actually hold a very large percentage of the liquid funds of the country, they are, of course, large city banks. In spite of their importance in financial activities, they cannot be regarded as characteristic of the entire system, in view of the fact that even today they constitute less than 2% of all national banks.

Because of the size of deposits and the prospective increase in risk assets, discussed hereafter, it has been our policy to urge upon banks that capital be strengthened wherever necessary, both through sale of new common stock and through conservation of earnings. In this connection it is to be again noted that 65% of the net profits of national banks was retained to strengthen capital structure.

Preferred stock held by the Reconstruction Finance Corporation and by the public was reduced during the year by almost 28% and was entirely eliminated by 353 national banks. Practically all of this preferred stock was replaced with common stock. There are 545 national banks with preferred stock still outstanding.

It is evident that more capital is one of the primary needs of the banking system, not only for its current operations, but to protect the further expansion of liabilities and of risk assets which can be foreseen in the post-war period. It must be kept in mind that while the aggregate capital of all banks (State as well as national) amounted to about $9.7 billion both in 1929 and 1944, deposits increased over the same period from $58 billion to $142 billion. This disproportionate development is attributable to many factors, including war and the reduction of the number of banks from 25,000 to less than 15,000 (at which level, incidentally, at least temporary stabilization has taken place). Of course, this marked shift in the capital-deposit ratio is not as foreboding as it might superficially appear, because of the large amount of Government obligations included in bank assets, and because of the present high liquidity. The picture could change, however, if the proportion of risk assets were to increase much more rapidly than capital. Many national banks either on their own initiative or at our suggestion are taking advantage of the present market to increase their capital.

Post-War Changes

The period immediately following the war will present many problems to the banking system, and bankers are showing commendable foresight in the measures now in the course of adoption. For instance, the formation of credit groups in the larger cities is designed to stimulate the financing of many borrowers, in the difficult transition from war to peacetime operations, by private enterprise rather than by Government. The banks are preparing to handle a large demand for the so-called G.I. loans to veterans. A return to normal manufacturing and merchandising will give rise to an unknown volume of consumer loans and the building trades promise a large increase in housing.

The utmost diligence must be exercised both by bankers and supervisory officials to see that safe, though perhaps original, banking procedures and standards are employed in meeting different needs and in entering new fields. It is because of the fact that the needs and requirements are not foreseeable that we are refraining from recommending any additional legislation in this report. Recommendations will be made from time to time as the problems arise and solutions requiring legislation become discernible.

The difficulties of foreseeing the future trends of banking and the safeguards which must be set up are emphasized by a consideration of the place of commercial banks in the era toward which we are moving—a period in which the reconversion from war to peace will be accelerated, an era in which there will be a gradual return of an economy of free production, plenty in place of scarcity and a substantial reduction in governmental expenditures and demands.

It is not generally realized to what an extent the nature and functions of banks have changed within a comparatively few years. Even as late as 1939, the largest portion of the earnings of banks was derived from interest on loans; and bankers, the public and Government generally felt that the chief function of a commercial bank and its chief justification for profitable existence was the furnishing of short-term credit to commerce and industry. Today the commercial loan activities of banks—in other words, their risk activities, calling for the exercise of informed judgment on the short-term prospects of an industry and of a single unit within that industry — have receded to a subsidiary position; in their place we find investment in securities of the Federal Government and in loans guaranteed by agencies of that Government.

Bank Portfolios

Bank portfolios reflect the great changes in the country's debt structure, both public and private. The striking extent of these changes is indicated by the following comparison: In 1939, the assets of the national banks of the country included loans in the amount of $9 billion; at the end of 1944, there was a total of $11.5 billion of loans, many of which were covered either in whole or in part by Government guaranties. During the same period their holdings of Government securities more than quadrupled—from $9.1 billion to $43.5 billion. In this connection it should be noted that the deposits of these banks have risen from $31.6 billion to $72.1 billion, while the aggregate capital structure has only risen from $3.4 billion to $4.3 billion.

Likewise, the enormous increase in the liquid assets of individuals and corporations has emphasized the service function of banks as depositaries and clearing agents of funds, and the importance of this segment of a bank's function has been impressed upon the public by the almost general adoption of service charges which have now become an important source of banking income. The quasi-public nature of banks, and their suitability for use in many of the increasingly intimate relationships between Government, business and the public have been emphasized through the services banks have performed during the war years in connection with rationing, distribution of Government securities, furnishing banking facilities to the armed services, and the like, heretofore mentioned.

Concretely, we have today a national banking system whose main functions are the handling of the nation's current funds, the investment of those funds in Government securities and Government-guaranteed loans, the direct creation of credit for governmental use, and the performance of certain quasi-governmental services. In other words, without detracting from the important part the banks are taking in meeting the credit needs of business through the making of loans, it can be stated that to a considerable extent the principal functions of banks today tend to become matters of efficient routine operation and adherence to a predetermined schedule of appropriate security maturities. This modus vivendi unquestionably reduces risk and has proved to be profitable. It cannot be charged to any dereliction of duty or unwillingness to assume responsibility on the part of national bankers. It is one of the consequences of modern total war. The question before us is whether in the years to come banks can and should continue to operate primarily on this basis.

Problems of Credit Needs

In facing problems of this magnitude it is not to be expected that solutions can be developed out of hand. Much depends upon the attitude both of bankers and Government, as well as upon economic factors. To what extent will the banks be able to meet the credit needs of business in this transitional period; to what extent will Government guaranties be used; and to what extent will the banks be required, and be able, to meet the competition of Government lending agencies? These are all questions of importance and upon their determination will depend to a large extent the future of our banking system.

It is essential that we appreciate clearly the nature of the alternatives presented for the future of American banking, and also that these alternatives involve widely differing advantages and disadvantages. Banking as it existed in the United States during the first three-quarters of a century under the National Bank Act is by no means the only possible banking structure. Many men still active in banking can recall the day when the privilege of issuing bank notes was an important factor in the operation and profitableness of national banks. We have seen this function terminated with benefit to the country generally and without injury to the banking system as a whole. The banking systems of other countries—those of pre-war continental Europe, for example—perform economic roles which differ widely from our own, especially by acting as suppliers of long-term capital to commerce and industry, thereby assuming a larger role in the direction of corporations in those fields. Up to the present, the genius of our American economic system has not developed along these lines, but there is reason to believe that the issue, always latent, may be soon forced to the forefront by the inexorable economic consequences of the war.

It is generally conceded, both by business and by Government, that the goal of a sustained high level of employment and production requires, among other things, a ready source of funds for the establishment of new enterprises and the expansion of small business concerns. There is a possibility that the sources tapped for these purposes in the past—direct investment of individual savings—may be insufficient hereafter. If other sources fail, Government may regard itself as obligated to supply the deficiency; in fact, it has traveled some distance along this road during the past decade.

The line between furnishing permanent capital for new or growing enterprises, and meeting the current credit needs traditionally taken care of by American banks, is by no means clear and definite. Nor is it certain that governmental lending agencies—created to furnish credit in situations not traditionally considered "bankable"—can avoid being forced by the pressure of borrowers to extend their operations into the area which bankers and bank supervisory officials presently regard as suitable for investment of funds of depositors. Bankers and Government, as well as the public, must face the fact that banks may ultimately have to choose between the tendency toward assuming the narrower and safer role of depositary of the nation's current funds and investor of those funds, as far as possible, in the ultimate safety of government securities and guaranteed loans; or on the other hand, broadening their field to include not only such service functions and the relatively diminishing strict "commercial loan" functions of the past and present, but also the duties of active initiators and more permanent financiers of industrial and commercial enterprises of the first magnitude.

The problem outlined above is perhaps the most important which must be faced during the next few years by all who are concerned with the future of American banking and with the national welfare. It is worthy of our most thoughtful consideration.

There is a school of thought which would have the commecial banks move deep into the risk sector of the economy, thus filling the vacuum left by the reduction in the normal flow of venture capital. It has been argued that this process will save our society of free enterprise. This point of view has been received with approval in certain quarters and, of course, the difficulties of our times demand great care in the examination of any remedies thoughtfuly proposed. However, the economic scene at the present time is not such as to persuade the Office of the Comptroller of the Currency to acquiesce in this doctrine.

It seems clear that the economic forces now at work throughout the world, and largely outside the realm of banking, are fundamental. It seems equally clear that these forces cannot be controlled by any such device as the employment of commercial bank deposits in a field which properly should be reserved for more speculative funds. The survival of a competitive economy and the American system depends on other and more basic factors. The Comptroller of the Currency strongly endorses a vigorous and courageous policy by the commercial banks and one which will meet all legitimate demands for credit accommodation. Such a policy should include the intensive development of the newly formed credit groups and the fuil exploitation of the term loan. The Comptroller feels, however, that adventures of this nature into new fields must be restrained before the extension of credit becomes in reality a participation in ownership. An entry into the realm of junior financing made in the guise of loans secures none of the advantages which normally accompany such an operation and is not consistent with the responsibilities inherent in the trusteeship of deposit funds.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 934)

sues sold continue to go up while the one being held persists in going lower.

* * *

It is this condition which has given rise to the advice, widely quoted but seldom followed, "Cut your losses and let your profits run."

* * *

As this is being written the whole market is strong. The industrials are across 171 and acting as if they intend to go still higher. There is more talk about inflation and the pending full employment bill is rapidly becoming a red-hot legislative potato. Every day the papers run stories about reconversion and tell how company after company is shedding its war business and going full blast with consumer goods. All this makes pleasant reading. Yet, because it makes such pleasant reading, I'm a little afraid of it. Widespread beliefs, whether fostered by press campaigns or through word of mouth, are usually based on little more than wishful thinking. At the beginning such campaigns are based on facts. As they progress, facts give way to fancy. It is my belief that the present market advance is reflecting the first phase, which is all to the good. How soon it will enter the second stage will depend on other factors.

* * *

Translating this into market action it looks as if the current advance will carry prices a good deal higher. In terms of average movement, a figure of about 180 is not improbable. The time it will take for such a move will be anywhere from 30 to 90 days. Sometime in that period, probably towards the latter part, you can look for a gradual topping out. This process may come in anticipation of fourth quarter returns, which I don't think will be as pleasant as generally believed. For even if the physical volume will be high I don't believe unit profits will hold up.

* * *

So far as inflation is concerned, better forget about it. The inflationary cycle is either in its last stage or has already been completed. If the stories of widespread unemployment mean anything, inflation must be ruled out. Inflation and unemployment cannot exist side by side. If people don't have wages they can't bid against each other for goods. If they don't bid, prices remain either stationary or decline.

* * *

In last week's column I advised you to hold stocks unless they add about two points each to the then current prices. By Friday every stock you held was above that low. Based on present action it doesn't look as if they will go into a decline, even a temporary one, from here.

* * *

Stocks in the list, prices, stops and current prices are as follows: A. M. Byers—bought at 19, stop 16. Current price, 19½. Jones & Laughlin — bought at 35, stop 33. Currently about 37. U. S. Steel bought at 56, stop 65. Stock now about 70. White Motors, bought at 29½, stop 28, is now about 33. Paramount, bought two weeks ago, at 30½, stop 28½, is now about 34.

* * *

Until the topping-off process arrives, and don't expect it right away, the current advice is to hold all positions.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Kempf, Sutherland in Bankers Ass'n Post

Lawrence A. Kempf was elected Treasurer of the Illinois Bankers Association for the ensuing year at a meeting of the Council of Administration of the Association at the Palmer House on May 29. Mr. Kempf succeeds Eli Murphey of Tuscola, Illinois, who has been Treasurer of the Association for the past year. Mr. Kempf is a Second Vice-President of the Northern Trust Company, Chicago, where he serves correspondent banks and industry in the middle western area, principally in the State of Illinois.

The Illinois Bankers Ass'n also announces the appointment of Kirk E. Sutherland as Assistant Secretary of the Association. Upon finishing his schooling at Michigan State College, Mr. Sutherland entered banking and spent a number of years as an executive in banks in southern Michigan. He joined the staff of the Illinois Bankers Association in April, 1941.

Changes in WPB Staff

The War Production Board announced on June 13 the appointment of W. C. Glynn as transportation consultant, assisting Benton R. Cancell, Director of WPB's Forest Products Bureau. Mr. Glynn will handle all transportation problems for the containers, paper, paperboard, printing and publishing, and the lumber and lumber products divisions. Mr. Glynn has been transportation consultant for the Containers Division since December 1942, and prior to that was assistant freight manager for the Pennsylvania Railroad in his home city, Philadelphia, Pa.

WPB also announced the resignation of Franklin E. Hufford, transportation consultant for the Paper and Paperboard Divisions of the Office of Production Management and WPB since November 1941. Mr. Hufford, who has performed "an outstanding job for the War Production Board", has accepted a position with the Minnesota and Ontario Paper Co., of Minneapolis, the war agency said.

Guarantee of Employment Means Totalitarianism

(Continued from first page)

without sacrificing, but rather by fostering, the system of free competitive enterprise that the vast majority of Americans consider an integral part of our democratic way of life. We offer no objection to any sound and effective measures by the Federal Government to encourage investment, production and employment in private enterprise, or to regulate the timing of necessary public works in such a way as to smooth out fluctuations in employment, or to organize and systematize the plans and efforts of Federal, State and local governments to prevent the misery and despair that unemployment can cause. On the contrary, we believe these aims to be highly desirable, but we believe that the machinery provided in this Bill has three fundamental defects:—

(1) Responsibility for full employment should not be assumed by the Federal Government, because the implementation of such a policy would inevitably lead to the exercise of powers which would eventually destroy the private enterprise system.

(2) The character of the measures that the Federal Government would be obliged to adopt in order to comply with the directives in the bill are such as experience has shown would result in an impairment of confidence on the part of private industry and a consequent decrease in employment opportunities.

(3) Such estimates and forecasts as may be obtained to provide a basis for the National Production and Employment Budget as set forth in Section 3, Subsections 1, 2 and 3 of the bill cannot be sufficiently reliable to form a basis for a concrete program such as would be required by the Bill.

Let me add that it is not our purpose to be critical merely. With your permission, I will place before you very briefly the broad outline of a program which we believe would be more conducive to high levels of production and employment, and much less fraught with danger to our free institutions, than the program provided for in this Bill.

The question that has to be answered is not whether the objectives of the bill are desirable but whether its specific provisions embody the best available means of striving for those objectives. We have to consider to what extent it is possible for Government investment and expenditure to provide an adequate substitute for private investment and expenditure in maintaining the volume of employment, and to what extent a program of full employment by Government investment and expenditure is consistent with the bill's avowed aim "to foster free competitive enterprise and the investment of private capital in trade and commerce." In considering the first of these questions, we have some practical experience to go by; in seeking an answer to the second, we have to rely mainly on general principles.

Government Spending No Remedy

First, as to the feasibility and adequacy of Government investment and expenditure as a substitute for, or supplement to, private investment and expenditure. Our recent experience bearing on this question may be divided into three main periods — the 1920s, the 1930s, and the war period. During most of the 1920s the United States enjoyed a high level of prosperity, with large production and substantially full employment. In that period—or, more precisely, in the fiscal years from 1922 to 1929, inclusive—the expenditures of the Federal Government ranged between three and a half and four billion dollars annually, and the public debt was reduced by more than seven billion dollars, or at an average rate of nearly nine hundred million a year.

The last Federal budgetary surplus was in the fiscal year 1929-1930. From 1931 through 1939, Federal expenditures averaged six and three-quarters billion dollars annually, and the public debt rose at an average rate of about two and two-thirds billion a year, more than three times as fast as it had been reduced in the '20s. What was the effect on employment? According to the estimates of the American Federation of Labor, the number unemployed declined irregularly from the peak of fifteen and two-thirds million in March, 1933, to seven and a half million in September, 1937, and then rose irregularly to more than eleven and a half million in January, 1939. In August, 1939, the last month before the outbreak of the war, the total was more than ten million, or very nearly two-thirds of the peak figure more than six years earlier.

What are we to infer from these figures? For one thing, that budgetary surpluses do not necessarily inhibit business prosperity and full employment, and that large Government investment and expenditure — particularly deficit spending — does not necessarily produce or maintain full employment. More specifically, we see that Government investment and expenditure in the '30s, at a rate which raised the national debt far above the post-war peak in 1919, did not suffice to take up more than one-third of the employment slack.

Of course we must recognize that this evidence is not conclusive. Human society is not an experimental laboratory where phenomena can be isolated and conditions controlled. There were numerous factors making for prosperity in the '20s and numerous factors making for depression in the '30s. The state of the Federal budget, whatever its influence may have been, was only one of many influences. It may be argued that the budgetary surpluses of the '20s helped to bring on the crash of 1929, although I doubt whether many authorities believe that to be the case. It may be argued that the Government spending of the '30s did increase employment and that the only reason it failed to take up the employment slack is that there was not enough of it. On the other hand, it may equally well be argued that the sound condition of Federal finances in the '20s was among the most potent factors bolstering business confidence and thereby stimulating production and employment, and that the series of very large budgetary deficits in the '30s may have destroyed more employment than it created, by shaking the faith of the people in the future of their Government's credit and the soundness of their currency.

The Psychological Factor

This brings us to one point which I think may be insufficiently appreciated not only by the supporters of this Bill but also by the advocates of other forms of economic planning. I refer to the enormous influence of the psychological factor in the general business situation, and the fatal incompleteness of any analysis based solely or primarily on statistical totals. Investment and expenditure, production and employment, are not merely items in an economic balance sheet, to be kept in balance by making entries of the proper amounts on the debit or the credit side. They are products of the mental processes of millions of individual business men, investors and consumers. These mental processes go to make up what is commonly termed "confidence." When confidence is impaired, consumers become reluctant to buy, investors hestitate to take risks, and business concerns fear to expand or even maintain the scale of their operations. Income payments distributed to wage earners and owners of capital, or retained by the business enterprises that earned them, are not fully translated into effective demand for producers' and consumers' goods and services. Instead they are retained, either in the form of cash or of idle bank balances.

From the middle of 1933 to the middle of 1939 the amount of money in circulation increased from five and three-fourths billion to seven billion dollars, and the amount of demand deposits in banks rose from fifteen billion to twenty-nine billion. But meanwhile the annual rate of turnover of deposits, as calculated by the Federal Reserve Bank of New York, dropped from 32.4 to 22.1. Government investment and expenditure had increased the volume of ready purchasing power by large amounts, but the purchasing power had manifestly failed to take its intended place in the income stream. Once the money was spent by the Government and found its way into the banks and safe-deposit boxes, it tended to lie stagnant. Belief in the worth-whileness of business ventures, which is the mainspring of enterprise, was weakened.

Effect of High Taxes

Why did this business apathy continue year after year in the face of the truly strenuous efforts of the Government to "prime the pump" of recovery? I have already suggested that the pump-priming process itself may have been partly responsible, since it resulted in a series of Treasury deficits which, to many if not most of our people, was highly disturbing. But there were other and perhaps even more powerful depressive influences at work. Taxes on business enterprise, particularly on large concerns, and on individuals in the higher income brackets were sharply increased. Corporate earnings distributed as dividends were made subject to double taxation. The issuance of corporate securities was hedged about with rules, restrictions and liabilities. Wages and hours of labor were regulated, and employers were closely restricted in their dealings with their employees. Some branches of business were subjected to Government competition. Public officials were given broad powers to manipulate credit and currency, and some of those powers were exercised.

These and other drastic and experimental changes in the economic environment, coming in quick succession, led many to believe that there was an undercurrent of antagonism in governmental circles toward business, especially the large business concerns and the wealthy individuals that supply much of the capital and much of the driving power upon which free competitive enterprise depends. Thus, added to the harmful effects of the specific measures actually adopted was a pervasive fear and uncertainty as to when and where the lightning might strike next.

The result of all this was that the actual and prospective costs and risks of doing business were increased, the opportunities for profit were restricted, business management was deprived of much of its freedom of action, and confidence in public credit and in the future value of the currency was impaired. In short, it became less worth while to make business ventures, and hence to create jobs, than it had been before.

Competitive Enterprise Can Provide Employment

Of course I recognize that other explanations have been offered to account for the persistent lack of economic vitality in the 1930s. One of the most popular of these seems to be the theory that our economy has become a "mature" economy in which scarcity has given way to abundance, and free competitive enterprise is no longer capable of providing adequate employment. From that theory the recent emphasis on the importance of Government investment and expenditure as an economic instrument appears to have derived a good deal of its strength. That theory I believe to be both false and pernicious. Human wants are still very far from being wholly satisfied, and in a healthy economic society it is normal for the competent and able-bodied to work at producing the goods and services they need and desire. As far as we know or have any reason to believe, free competitive enterprise is as inherently capable of providing employment as it ever was; and no convincing evidence has ever been produced to support the belief that some force has appeared in recent years to make business incapable of self-generated recovery. We do not have to look so far afield to account for the absence of full recovery in the '30s.

Wartime experience has been cited in some quarters as indicating that Government expenditure can create employment opportunities on any desired scale. This is undoubtedly true as a short-term proposition, provided the spending is large enough and is accompanied by the necessary Government controls. But I think one glance at the astronomical figures of Government expenditure and public debt during the war ought to convince any reasonable person that wartime experience gives us no help whatever in deciding upon the proper role of Government spending in times of peace as part of a permanent economic program. I do not mean to imply that an all-out program of Government investment and expenditure to provide full employment would necessarily require a duplication of these wartime totals. But, with full allowance for the high prices of war supplies, the high costs of overtime operation, the emergency accretions to the labor force, and other abnormal wartime conditions, the cost of full employment by Government spending as measured by wartime experience would still be completely outside the range of serious consideration.

Plan of Bill Not Feasible

On the whole, then, I think it is fair to say that practical experience casts strong doubt on the feasibility of maintaining full employment in a system of free competitive enterprise by Government investment and expenditure. The experience, as I said before, is not conclusive; but its very inconclusiveness is a warning against "going out on a limb" in the first trial of a highly experimental and potentially dangerous instrument.

To what extent is a program of full employment by Government investment and expenditure consistent with the Bill's avowed aim "to foster free competitive enterprise and the investment of private capital in trade and commerce"? This is even more largely a matter of opinion, because no society of free competitive enterprise, determined to maintain itself as such, has ever tried it. A Hitler, a Mussolini, a Stalin or a Hirohito can do it, but that does not answer our question. The American people do not want dictators. As Congressman Patman remarked only a few weeks ago, "Full employment without free competitive enterprise would be intolerable."

The answer depends mainly, I think, on just what the Bill, if it should become law in its present form, would require the Government to do. Senator Wagner, in his invitation to us to take part in these hearings, mentioned certain points on which testimony was particularly desired. One of these is the declaration that "All Americans able to work and seeking work have the right to useful, remunerative, regular, and full-time employment, and it is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans who have finished their schooling and who do not have full-time housekeeping responsibilities freely to exercise this right." Another is the declaration that "To the extent that continuing full employment cannot otherwise be achieved, it is the further responsibility of the Federal Government to provide such volume of Federal investment and expenditure as may be needed to assure continuing full employment."

Does Bill Guarantee Employment?

There has been some controversy as to whether these declarations constitute a "guarantee" of full employment. Senator O'Mahoney stated recently that "there is no guarantee of any kind in the Bill." If Senator O'Mahoney and the other sponsors of the Bill intend that it shall contain no guarantee, I would respectfully urge them to make some very radical changes in the wording of the sections that I have just quoted, because I think they are laying themselves open to disastrous misinterpretation. I say "disastrous" because I believe the guarantee that the Congress here appears to make, and would be regarded as having made, is one of the most dangerous features of the entire proposal. When the Congress declares that all Americans have the *right* to employment, that it is the policy of the United States to *assure* employment opportunities at all times, and that it is the *responsibility* of the Government to provide the volume of investment and expenditure needed to *assure* continuing full employment, that is about as far in the direction of a guarantee as a sovereign power can go. My comment on this feature of the Bill is based on the conviction that, if it is enacted in anything like its present form, it will be generally regarded as containing a guarantee of continuing full employment—useful, remunerative, regular, full time employment. The Congress and the Administration will be expected to make good that guarantee and will find themselves under tremenodus pressure to make it good at any cost.

The crucial danger in all this lies in the grave risk — I am tempted to say the certainty—that the guarantee cannot be made good without destroying free competitive enterprise in the process. Jobs are created by private employers, and the number of jobs available at any time depends on a large and complex set of conditions over which no one in a free society has control. As soon as, and to the extent that, such control is undertaken, the society ceases to be free. To make good a guarantee of full employment, a Government must have control over the conditions that determine employment, and these conditions include production, consumption, prices, wages, working hours and other working conditions, saving, investment, and even continuity of political policy itself. An unlimited commitment for full employment requires a Government of unlimited powers.

Government Controls and Full Employment

Perhaps the most impressive evidence on this point that I have seen is the testimony of Sir William Beveridge, one of the outstanding British students and advocates of the policy of full employment by governmental action. Beveridge's professed twofold objective is substantially the same as that of the sponsors of this Bill, and is indicated by the title of his book, "Full Employment in a Free Society." Yet Beveridge concedes at various points in his book that price control would probably be an inevitable consequence of a full-employment policy; that private as well as Government investment would have to be regulated by governmental authority; that control over the location of industrial plants would be a central requirement; that it would be necessary to maintain "organized mobility" of labor—or, as a writer without Sir William's semantic gifts might describe it, compulsory allocation of labor; and that such civil liberties as the right to choose new public officials and alter public policies, freedom in the choice of occupations and in the management of personal incomes, and the right of labor to bargain collectively and to strike could not be exercised "irresponsibly." He declares further that the liberties essential to a "free society" do not include the liberty of a private citizen to own means of production and to employ other citizens in operating them at a wage, and he contemplates with apparent serenity the possible extension of Government ownership into new fields of production if his full employment program does not produce the desired results within the framework of the British economy as now organized. Add up these restrictions and you have a regime which Beveridge may call a "free society" if he pleases, but which I am sure the sponsors of this Bill and most other Americans do not mean by "free competitive enterprise."

I do not forget that this Bill specifically forbids "the use of compulsory measures of any type whatsoever in determining the allocation or distribution of manpower," and I do not question for a moment the sincere desire of its sponsors to foster free enterprise and preserve a free society. The point I am trying to make is that this desire would in practice be found utterly incompatible with the responsibility of assuring continuing full employment. Let it once be understood, either by explicit declaration or by implicit assumption, that the Government has assumed that responsibility and stands ready to fulfill it, and the Government will find itself irresistibly impelled toward authoritarianism; for it will have drawn a check on a bank in which it has no account.

Other Dangers of Bill

In order to save your time and concentrate on the main issues, I have not mentioned a number of difficulties that I think would be encountered in the administration of this plan. I have not mentioned the danger of "made" work—that is, the difficulty of reconciling the requirement of **full** employment with the requirement of **useful** employment. I have not mentioned the danger that any spending program undertaken for an economic purpose will be diverted to the ends of political patronage and intrenched bureaucracy. I have not mentioned the very heavy financial burden that the Government must carry during the post-war period, even under the most favorable suppositions. I have barely touched upon the shortcomings of the statistical data and the forecasting methods on which the proposed budgetary estimates would have to be based. I have not mentioned the many difficult questions that would be confronted in arriving at and applying a complete, precise and satisfactory definition of full employment. The thought of these administrative problems leads me to suspect that, if the Congress adopts this program, it will have full employment in Washington at least. These are serious questions, but they are secondary to the really vital danger that I have dwelt upon at perhaps too much length.

What Congress Should Do

What, then, can the Congress do safely and effectively to promote and safeguard employment? I believe it can do some of the things proposed in this Bill. It can "pursue such consistent and openly arrived at economic policies and programs as will stimulate and encourage the highest feasible levels of employment opportunities" through private investment and expenditure and perhaps, within carefully defined limits, through investment and expenditures by State and local governments. And it can provide for the systematic advance planning and proper timing of necessary public works, provided always that such works shall be justified on their merits and not designed merely to make work.

The value of this program depends, of course, on what we mean by policies that will encourage private employment opportunities. What I mean, and what I am sure the large majority of private employers mean, is suggested by the enumeration I gave a few minutes ago of the unfavorable changes in the economic environment that took place in the 1930s. I will not weary you by repeating the list. What it boils down to is this:

Fiscal policy should aim at a balanced budget; a minimum tax burden, especially on business enterprise; simplication and stabilization of the tax system; and the use of taxation solely as a means of obtaining revenue, not as an instrument of social reform. Labor policy should aim at equal treatment for labor and management, with a minimum of restrictions on the freedom of action of both, and with free access to the courts in all cases. Public policy in general should reflect a spirit of impartiality as between groups of citizens; an attitude of respect and good will toward honest business, whether small or large; and a recognition of the cardinal principle that profit is the very breath of life to enterprise and hence to employment.

An earnest of the attitude of our new Administration has been provided recently by the prompt removal of many wartime restrictions. I am sure that this tangible evidence of the Government's desire to sweep away all emergency controls as soon as possible will be very encouraging and helpful to private enterprise as it faces the difficult task of reconversion. I hope it marks the beginning of a continuing program to stimulate production and employment by improving the economic climate in the ways that I have just mentioned.

Would such a program assure continuing full employment? It certainly would not. Free competitive enterprise has always had its ups and downs, and it seems reasonable to suppose that it always will. But a program of this kind would provide the closest approximation to continuing full employment that you can get in a free society.

The rest of the program would have to be concerned with reducing the unhappy effects of unemployment to the irreducible minimum. To this end, Federal, State and local governments and private agencies should make their plans for relief in advance and coordinate their policies as closely as possible, with the Federal Government standing ready at all times to provide such aid as private and local public agencies cannot supply. The cost of the aid should be met as largely as possible from current revenue, and benefit payments should not be on such a high scale as to leave workers without strong incentive to seek employment in self-sustaining trade and industry. This does not mean that the victims of unemployment should not receive enough to live on, but it does mean that they must receive something less than the prevailing rate of wages; for, if our experience in these matters proves anything, it proves that some people will not work except from necessity.

All this, I know well enough, sounds tame in comparison with the Full Employment Bill. Utopias, unfortunately, do not exist on this earth. The program I suggest will not give Americans a Utopia, but it will keep them a nation of free men.

I hope I have not taken too much of your time, and I thank you again for the invitation to participate in these hearings.

DIVIDEND NOTICE

CITY INVESTING COMPANY
30 BROAD STREET, NEW YORK 4, N. Y.

August 23, 1945

The Board of Directors has this day declared the regular quarterly dividend of $1.375 per share on the 5½% Series Cumulative Preferred Stock of the Company, payable on October 1, 1945 to stockholders of record at the close of business on September 18, 1945. Checks will be mailed.

G. F. GUNTHER, Secretary

U. S. to Resume Relations With Finland

The United States is prepared to resume diplomatic relations with Finland, having decided that the Finnish elections were democratic, Secretary of States James F. Byrnes has announced, according to a special dispatch to the New York "Times" from Washington, Aug. 20, which added:

Mr. Byrnes stated that, after having studied all the available reports, the U. S. Government had concluded that the Finnish parliamentary elections in March, 1945, were freely conducted and expressed through secret ballot, the democratic wishes of the Finnish people.

He said the Finnish Government had been reorganized so as to reflect the results of that election ond that, in the opinion of our Government, it was now broadly representative of all democratic elements in Finnish political life.

"Accordingly," the statement added, "the United States representative in Finland has been instructed to propose to the Finnish Government the establishment of diplomatic relations between the United States and Finland."

In United Press advices from Washington, Aug. 21, it was stated:

Although Finland twice fought Russia and was at war with Britain, the United States never declared war on the Baltic republic. But on June 30, 1944, it severed diplomatic relations on the ground that Finland had entered an irrevocable military partnership with Germany.

Finland was the first of the eastern European Axis nations to drop out of the war, and is the first to be offered United States recognition. Italy is the only former Axis country with which diplomatic relations have been established.

Before the war Finland was the only European nation that regularly paid its World War debt to the United States. It continued the practice until diplomatic relations were severed.

Styskal With Waller Co.

Waller & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announce that Henry Styskal has become associated with them. Mr. Styskal was formerly with Charwat Brothers.

DIVIDEND NOTICES

AMERICAN LOCOMOTIVE COMPANY

30 Church Street Alco New York 8, N. Y.

PREFERRED DIVIDEND NO. 149
COMMON DIVIDEND NO. 79

Dividends of one dollar seventy five cents ($1.75) per share on the Preferred Stock and of thirty five cents (35¢) per share on the Common Stock of this Company have been declared payable October 1, 1945 to holders of record at the close of business on September 6, 1945. Transfer books will not be closed.

August 23, 1945

CARL A. SUNDBERG, *Secretary*

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 158
Common Dividend No. 143

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1945, and a dividend of 20¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1945, to holders of record September 7, 1945. The stock transfer books will remain open.

E. F. PAGE
Treasurer

July 25, 1945

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 38

At a meeting of the Board of Directors held August 27, 1945, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable November 1, 1945, to stockholders of record at the close of business October 5, 1945. Checks will be mailed.

W. M. O'CONNOR
Secretary

August 27, 1945

At a meeting of Directors held August 21, 1945 in London it was decided to pay on September 29th Interim Dividend of Ten Pence for each One Pound of Ordinary Stock free of tax. Coupon No. 196 must be used for Dividend.

All transfers received in order at London on or before August 27th will be in time for payment of dividend to transferees.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

August 21, 1945

A. HOLLANDER & SON, INC.
COMMON DIVIDEND

HOLLANDER BLENDED FURS

A dividend of 25c per share on the Common Stock has been declared payable Sept. 18, 1945, to stockholders of record at the close of business on Sept. 7, 1945. Checks will be mailed.

Newark, N. J.
August 27, 1945

Albert J. Feldman
Secretary

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)

The board of directors of Northern States Power Company (Wisconsin), at a meeting held on August 20, 1945, declared a dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of the Company, payable by check September 1, 1945, to stockholders of record as of the close of business August 20, 1945, for the quarter ending August 31, 1945.

N. H. BUCKSTAFF, *Treasurer.*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
DIVIDEND NO. 53

A dividend of ten cents ($0.10) per share will be paid on September 17, 1945, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business September 3, 1945. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary.

Boston, August 23, 1945.

C.I.T. FINANCIAL CORPORATION
formerly
Commercial Investment Trust Corporation

Common Stock Dividend

A quarterly dividend of 50 cents per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable October 1, 1945, to stockholders of record at the close of business September 10, 1945. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*

August 23, 1945.

THE DAVISON CHEMICAL CORP.

The Board of Directors of The Davison Chemical Corporation has declared a quarterly dividend of Twenty-five cents ($ .25) per share on its capital stock, payable September 29, 1945, to stockholders of record at the close of business September 8, 1945.

M. C. ROOP, *Secretary*

Baltimore, Md.
August 24, 1945

Progress through Chemistry

DU PONT **E. I. DU PONT DE NEMOURS & COMPANY**

WILMINGTON, DELAWARE: *August 20, 1945*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable October 25, 1945, to stockholders of record at the close of business on October 10, 1945; also $1.25 a share, as the third interim dividend for 1945, on the outstanding Common Stock, payable September 14, 1945, to stockholders of record at the close of business on August 27, 1945.

W. F. RASKOB, *Secretary*

TENNESSEE CORPORATION

A dividend of 25¢ per share has been declared, payable September 27, 1945, to stockholders of record at the close of business September 6, 1945.

61 Broadway
New York 6, N. Y.
August 14, 1945.

J. B. McGEE
Treasurer.

Allied Chemical & Dye Corporation
61 Broadway, New York

August 28, 1945

Allied Chemical & Dye Corporation has declared quarterly dividend No. 98 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable September 20, 1945, to common stockholders of record at the close of business September 7, 1945.

W. C. KING, *Secretary*

Air Transport and Free Enterprise

(Continued from page 936)

blood pressure. One all-wise, superman government agency, a combination of the Interstate Commerce Commission and the Civil Aeronautics Administration, would regulate all transportation, regardless of the amount of technical knowledge required for each of the half dozen different forms of locomotion.

With one eye the super-human agency could manage airline operation; with another eye, steamships could be kept in their lanes; a third eye would watch after the railroads, another, the trucks and busses, and still another the pipe lines!

Aviation Industry's View

We of aviation do not want to submit ourselves to such an all-seeing master. Ours is an industry requiring intensive technical knowledge and an abundance of "know-how." We do not move on rails and over right-of-way. We do not twist along or around mountains and glide through tunnels. We do not ride the ocean waves. Our routes lie through space. Our industry bears testimony that America is still a young country, not an old and completely fulfilled one.

The mechanics of aviation, and its problems, are, compared with those of other forms of transportation, as dissimilar as day and night.

Men do not discuss aviation and railroading, and the merchant marine, and pipe lines in the same breath, in the same terms. They are not the same, and the men dealing with these various forms of transportation are not the same. They are wholly different types.

Aviation requires peculiar skills, peculiar planning skills, peculiar maintenance skills and peculiar getting - the - business skills. We are the embodiment of American free enterprise; we are a result of it. And in the transportation field, we are the anathema of monopoly.

We of aviation do not fear competition — of the railroads, the trucks, the merchant marine. Our industry is young, and it has the self-confidence of youth. What we do fear is the concern for our welfare expressed by and for the railroads. We fear their proffered embrace is like the wolf's treatment of Little Red Riding Hood!

What is more, we think that competition between the various forms of transportation is a good thing for the public as a whole. It is only through competition between forms of transportation that the public can expect the full development of all these forms and the type of service that the transportation agencies are capable of giving.

An Assumption of Integration

In order to discuss this integration proposal on a concrete basis, let's assume that a transportation monopoly as advocated by the Transportation Association were to be established between Chicago, the Twin Cities, and the Northwest. It would operate all forms of transportation between those points. Now place yourself in the position of a traveler who wished to move between those points or a shipper who wanted his cargo hauled within that area. The Transportation Association is quite correct in suggesting that there would be no destructive competition between the forms of transportation there; there would be no competition at all.

They are also quite correct in saying that this great transportation company could offer our hypothetical traveler or shipper any one of a number of modes of transportation. They would offer him what they had on a "take it or leave it" basis and it wouldn't make much difference what he wanted.

As a practical matter, notwithstanding Government regulation, they would also offer him the type of service that they wanted to offer him at the rates they demanded.

It wouldn't be possible for him to flounce out of the office of this transportation monopoly and say that he would go to someone else with his business; there wouldn't be anyone else to go to. The traveler could take what they offered or stay at home and the shipper could take what they offered or leave his cargo where it was.

You have all heard of the great plans of the airlines, the busses, the trucks, and the railroads for post-war improvements in their operations. One railroad has just tested a raised dome car on which the traveler can view the passing scene in all directions. Another is developing an all-electric diner with its cooking facilities patterned upon those of submarines. In the East one road has ordered more streamlined cars, essentially coaches, among which will be recreation cars for coach travelers. These are to be roomette cars, new streamlined trains, colorful new coaches. I could go on almost without end. You have read of the plans for rail nurseries, for cocktail lounges, for motion pictures, for dancing, and what not.

You have seen pictures of beautiful and comfortable double-decker busses and trucks designed to carry cargo much more swiftly and efficiently.

I have seen no announcement yet of reduced rail fares, but it is my guess that they will come. On the other hand, the airlines have steadily reduced their fares—and profitably. Other reductions are in the making.

Progress of Airlines

As an example of the progress that the airlines have made, it is now possible, in many instances, to travel cheaper by air than by rail and Pullman.

Between New York and Chicago the one-way airline fare is $33.65; the first-class rail fare with a lower berth is $36.93. The round trip rate is $67.30 by air as against $67.85 for first-class rail fare with a lower berth.

Between Washington and Chicago the airline fare is $28.30 and the first-class rail fare with a lower berth, $31.70.

Between Chicago and San Francisco, Los Angeles or San Diego the one-way airline fare is $85.45, the first-class rail fare with a lower berth is $91.43, making a saving of $5.98 for the user of air transportation.

There are similar airline advantages between Chicago and Salt Lake City; Chicago and Reno; St. Louis and Kansas City; St. Paul and Boston, etc. I could cite many others, such, for example, as Kansas City and Atlanta, and there will be more as the months go by.

I have told you of the improvements promised by the railroads. We, too, have ambitious plans. The 19 major airlines which are members of the Air Transport Association of America already have on order or option, about 500 new planes. This will make a total of more than 1,000 planes, as compared with a 359 domestic plane fleet before Pearl Harbor, and with 166 which were left at the peak of the war when the Army and Navy had made their drafts.

A cruising speed of more than 300 miles an hour is incorporated in many of the new models. The transatlantic hop will be reduced considerably under the 12 and 14 hours now being required. More than 200 of the craft on order will be four-engined.

The commercial planes of today will be devoted primarily to shorter trips of 125 to 225 miles.

Better accommodations than the passenger ever dreamed of will feature the longer flights. There will be staterooms, berths, and reclining seats for the overnight flights, to fit anyone's pocketbook.

There will be pressurized cabins to maintain low altitude conditions at "over - the - weather" heights, together with air conditioning, both individual and thermostatic temperature control, and individual ventilation.

There will be better meal facilities. Windows will be arranged for clearer observation. There will be faster and more frequent schedules. Feeder or local service will be highly developed.

What do you think is impelling these transportation chiefs to take their stockholders' money and devote it to vast improvements of service and reductions in rates? Let us be realistic about the matter. They are not spending all this time, money, and energy simply because they enjoy doing so. They are doing it so that they can each acquire a larger percentage of the traffic than they would get if they didn't make these improvements. I know something about the airline business. The reason for the projected airline development is to make our service more attractive to passengers and shippers so that we can not only cause more people to travel than ever before, but also so that we can divert as much of the total traffic to the airlines as possible.

If that objective were not present, you can be quite certain that the improvements in transportation service that I have just been discussing and with which you are all familiar would never have been mentioned. The passenger or shipper, if he were required to depend upon a transportation monopoly, would have to get along with the present antiquated Pullman cars, the present obsolete busses and trucks, and he would be riding in a 21-passenger DC-3 for a very long time.

Perhaps I am belaboring this point too much, but it is one of such fundamental importance that it is probably worth repeating. If the policy of competition between the various forms of transportation is continued as it has in the past the shipper and traveler, in other words, the general public, will control completely the development of the various forms of transportation. The transportation agencies will really be the servants of the people for they'll have to do what the people want them to do, in order to keep their business. If this competition is eliminated the general public loses that control and turns it over to a giant monopoly. They will be told what they are to get. The answer to integration is just that simple.

Question of Government Ownership

One of the alleged reasons which impels the Transportation Association to urge integration is the fear of that association that if competition between the forms of transportation is continued, Government ownership will result. I have considered that argument for years and I can't quite bring myself to believe that it is being urged seriously. I can see no better way of getting Government ownership, and quickly, than by creating eight or nine great transportation monopolies over which the general public cannot possibly have any control. The development of those monopolies seems clear to me. The passengers and shippers would suffer just so long under the treatment they received from the particular monopoly concerned and then there would arise a great clamor for Government ownership. And it would be a proper one, for under those circumstances it would only be through Government ownership that the traveling and shipping public could expect to get adequate service at reasonable rates.

Truman's Views

In a speech before the Traffic Club at Baltimore, Feb. 1, 1944, President Truman, then a Senator, said—and I quote—

"The reason that I differ with the proposed 'integration' of transportation systems, is that I believe that that proposal is fundamentally based upon a concept that a permanent level or pattern of transportation has been achieved, and it is now simply a question of organizing its structure and distributing its fruits.

"To me the proposal implies the adoption of the cartel theory which in essence expounds the view that those who at one time, either themselves or more often their predecessors, made signal contributions to the advancement of civilization are, by reason of that fact, entitled to an existence in perpetuity at the expense of society in general without making any further contributions.

"This proposition I hold to be fundamentally unsound and unattainable, no matter how desirable it might appear to be. Perfection is always sought, but perfection is never actually attained. It seems to be the fate of humankind always to be looking to new horizons.

"Transportation, like communication, is a basic activity in modern society. Reaching new and higher levels of comfort and happiness through other human activities depends in a very real sense upon progress in transportation . . .

"I say that our country has grown great because it has not stifled the profit motive, but because it has encouraged enterprise and protected freedom of opportunity."

Partial as Bad as Total Integration

Now let me turn to another proposal which affects the development of air transportation. Not long ago Mr. Almon Roth of the Institute of American Shipping talked before this body and suggested that steamship companies be given wider participation in air transportation. Thus, he was urging "partial integration." It is the view of the aviation industry that partial integration is just as bad as total integration and the industry has reached this conclusion on the basis of just about the same reasons.

The steamship companies' complaint is that if they are not permitted wider participation in air transportation the merchant marine will be driven from the seven seas and that in order to save the merchant marine in which there is a great public interest the steamship companies must be permitted to operate airplanes. Even if it were assumed that the shipping advocates were right and that the merchant marine was to be destroyed, that does not seem to be an adequate reason for carrying air transportation down with it.

Actually, the merchant marine will not be destroyed. It is not possible here to trot out all of the statistics of steamship earnings from various classes of traffic and the steamship rates applying to those classes of traffic, but it is quite clear from the study of those figures that the possible diversion from the steamship to the aircraft is not more than 10% of the gross earnings of the steamship companies during the last typical pre-war year.

Actually, even this diversion will not take place, for it is based on the very unlikely assumption that the steamship companies will fail to develop new compensating business and that the advent of the airlines will not create additional trade and travel.

But Admiral Land, Chairman of the Maritime Commission, has declared—and I quote—

"I believe that we'll need more ships because the airplane will develop interior regions of countries which hitherto have been difficult to reach by any other transportation."

No Traffic Diversion

Air transportation will succeed, gentlemen, not upon business taken from other carriers, but upon traffic developed through its own efforts. That has certainly been the case where air service to the Latin American countries has resulted in additional passenger traffic for the steamship lines.

In fact, throughout history improvements in means of transportation have always resulted in corresponding increases in total traffic. Our coastal fleet had been carrying almost double the cargo of our foreign ships while meeting the competition of the much faster rail service for three quarters of a century and of the airplane for a decade.

In any event, if our objective is, as it must be, to develop air transportation to the maximum, we cannot afford to place its destiny in the hands of the steamship companies. It has been argued that the steamship companies would actually set out to retard the development of air transportation but it is not necessary for me to go to that extreme. It is quite clear that the best that we can expect out of the steamship companies is an impartial attitude toward air transportation. They would sell passage on the ship or on the aircraft and it would not make much difference which. This attitude would retard the development of both the aircraft and the steamship because neither one of them has reached its present size and status in the hands of men who were impartial.

The reason air transport has been developed is because those who managed it were completely sold on that form of transportation and bent every effort to see to it that every one else was.

You have all met air transport traffic men and I am quite sure that you have never been given the impression that they would just as soon have you travel by rail.

This same theory applies not only to air transport but to every other form of transportation. How much would the trucking industry have developed had the railroads assumed control of it and been impartial as between it and the railroad?

How far would the bus have come if it had always been under the control of its competitor?

The reason we have the greatest air transport system in the world is because a wise Congress told its competitors bluntly to stay out and that policy must continue if we are to realize a lot of these air transport dreams that have been going about.

In closing, let me quote something from General Hap Arnold:

"We have learned and must not forget that from now on air transport is an essential of air power, in fact, of all national power. We must have an air transport organization in being, capable of tremendous expansion.

"Another lesson taught in this war is that a healthy, self-sustaining commercial air transport industry is vital to the realization of effective air power. The contribution to the military of our competitive civil carriers in equipment, trained personnel, operating methods, and knowledge have been of first importance in this war.

"Yes, we of the Army Air Forces are proud of our past, but tonight our preoccupation is not with the past but with the future —America's future. For our future lies in the air."

With our course marked out for us--with the airplanes and—yes —the airlines, fitting in as an instrument of peace—an instrument in the promotion of world commerce and world amity—it is evident that free enterprise must be our credo in the future as in the past.

The men charged with aviation

Full Fmployment Under S. 380 And the Beveridge Plan

(Continued from page 931)

laws, adopted according to the party line and without benefit of searching popular criticism.

There is a more effective kind of argument than that which features free enterprise. In place of hazy ethics, dubious history, and road maps to serfdom, it uses facts. It wins the attention of that growing number of persons who feel no particular tenderness for capitalism, yet who are honest enough to look critically at its substitutes and modifiers. Only from this open minded group can enough public opinion be recruited to shore up the enterprise system, if proposed social legislation is shown to be poorly thought out and probably unworkable, whatever its effect on capitalism.

The pending Full Employment bill (S. 380, sponsored by Senators Murray, Wagner, and others) offers a good opportunity for this kind of analysis. It should be compared with its superficially similar counterpart, Sir William Beveridge's plan in his recent book, "Full Employment in a Free Society." For there are two significant things about the Beveridge plan. It bluntly proposes to modify the free enterprise system. And there is nothing to keep it from working—in Great Britain.

Beveridge Plan Not Transplantable

Advocates of S. 380 seem to think that it is a sort of American replica of Beveridge, and that it would work. Its opponents correctly see that Beveridge would change the face of capitalism and they dread the same result here. What they should do is to show, if they can, that Beveridge cannot be transplanted in the United States through the simple terms of S. 380, and that the proposed social benefits are therefore doubtful.

The most spectacular feature of the Beveridge book is widely familiar and has been faithfully reproduced in S. 380. Both propose a "new type of annual budget," under which the government, in Sir William's words, "must propose for that year public outlay sufficient, with the estimated private outlay, to employ the whole manpower of the country, that is to say sufficient to make the assumption of full employment come true." Senator Murray's bill lays down that "to the extent that continuing full employment cannot otherwise be achieved, it is the further responsibility of the Federal Government to provide such volume of Federal investment and expenditure as may be needed to assure continuing full employment." This would be done under the National Production and Employment Budget, which the President shall submit to Congress each year.

Neither plan guarantees everybody a job, in the sense that anybody who is unable to get a job may obtain one, or the money equivalent, by presenting his claim to the government. But in both cases the government must perform the actions called for by its estimates, including the spending of money, in order to cancel any prospective unemployment.

This looks as plausible and workable for the United States as for Great Britain until the differences between the British and American systems of appropriating money are examined. In Great Britain the same cabinet which sanctions the unemployment estimates and proposes the outlays is in fact the appropriating authority. Here, the President will present the Budget and Congress will do the appropriating. The British government can do what the cabinet proposes to do, for the cabinet is the "Government." Whether our government can do what the executive proposes to do depends on Congress.

The British cabinet, which we sometimes inadequately describe as the executive committee of Parliament, actually holds the reins of authority tightly grasped in its own hands. It initiates and executes legislation, while Parliament plays the role of critic, adviser, watch dog, debating forum—and ratifier. Only when it takes the grave step of overthrowing and dismissing the government, which it can only do by dismissing itself, does Parliament assert its ultimate authority. On such an occasion it merely exchanges a master with whom it disagrees for another representing its own will, or changes its will to agree with the old master.

In matters of taxing, borrowing and spending, in particular, the cabinet's power is historically entrenched. If the cabinet budgets £200,000,000 for full employment, that amount and no more will be spent unless the government is thrown out of office. Individual members of Parliament are powerless to change the total and do not even bring in their own appropriation bills. This impotence of Parliament is also shown in the matter of tariff rates. While our Congress indulges in an orgy of horse-trading in making a tariff, British rates are made by an Import Duties Advisory Committee of which few Americans have even heard. Its word is law, which Parliament duly ratifies.

This method of financial control is, of course, totally foreign to the American system, which is rooted in the three-fold separation of powers decreed by the Constitution. Every Congressman has the cherished right to bring in authorization and appropriation bills which, when a session is over, may make our feeble attempts at budgeting look foolish. S. 380 specifically reasserts that right. If anyone believes that a National Production and Employment Budget would fare differently from an ordinary budget, he must have drawn strangely optimistic conclusions from a drab history.

In the single matter of the proper distribution of job-generative spending, the difficulties are obvious. Government money should be spent in those areas where unemployment exists, or is likely to exist. But unemployment is not a farm problem. A member from the agricultural West who "got" nothing for his district while voting for heavy outlays in industrial New England would be throwing away re-election ammunition. It would be magnificent, but it would not be politics. The political situation would be embittered by the fact, which appears to have been largely overlooked, that money spent for jobs is also in a sense a bonus to employers, and generates profits as well as employment.

The "Multiplier"

Formidable though they are, the legislative difficulties confronting an American full employment program are not the only nor perhaps the most baffling ones. In estimating how much employment will be created by private and public spending, our National Budget maker will run headlong into the problem of the "multiplier." This impressive word has been a fascinating plaything of theoretical economics for some 14 years and is a main prop in the economic theory of Lord Keynes. S. 380 brings it brusquely into the realm of actual practice, with somewhat chilling effects.

Briefly and simply, the multiplier is that figure by which a given investment expenditure (in this case, governmental) must be multiplied in order to arrive at the total wage, salary and dividend income it will generate. It is not fixed but varies with the "propensity to consume"—that is, the mathematically expressed tendency to spend income on consumption. Keynes at one time thought that the multiplier in England was in the neighborhood of 2, so that each £1 of investment expenditure generated £2 of consumption income before its effects was played out through "leaks" in the form of debt repayments, additions to hoards and idle balances, etc. He thought the American multiplier might be 3.

Suppose there are five million unemployed workers who must be given jobs at an average wage of $1,200 a year. The wage income to be generated is $6 billions. If the multiplier were 1 (that is, if the impossible assumption held true that no worker's income expenditure provided employment for anybody else), the government would have to spend $6 billions, giving employment to all the idle. If the multiplier were 2, an expenditure of $3 billions would be sufficient; if 4, then only $1.5 billions would have to be spent. But those not directly employed would have to wait until the wave of indirectly generated income caught up with them. Congress ought to know how long this would take, and what to do for the unemployed in the meantime. Evidently, the basic trouble is the proposal to provide jobs for all the unemployed with mathematical exactness, in a situation where even approximate calculation is impossible.

No one knows what the American multiplier was or is today, or how long it will remain what it is. Mr. John H. Williams of Harvard University and the New York Federal Reserve Bank has said that he is "unimpressed" with attempts to calculate multipliers statistically. Yet they must be calculated that way in our National Budget, or arrived at by pure hunch, or ignored altogether. In any case, the outlook for finding out how much money the government must spend to create a given volume of jobs (at what wage and price level?) is not bright. If we miss it seriously the attempt to set up an employment budget will go awry.

Government in Productive Enterprise

Here, again, Beveridge has cannily supplied himself with a solution, while we have not. The American budgeteers must know the multiplier pretty accurately, for S. 380 provides that the government shall not engage in productive enterprise as generally understood, but only in public works, which shall be carried out not directly but through private contractors. Being thus narrowly restricted as to how money is spent in the first instance, it must rely on percolation and repercussion to convert pick-and-shovel money into book-store or tap-dancer money, if jobs and consumption are to be spread.

Beveridge, however, puts himself under no such limitations. The British Government, he says, may engage directly in certain big consumer operations, such as the bulk purchase and resale of consumption goods. Sir William sets up the principle of Social Priorities, or putting first things first, meaning that government outlay must be directed first toward a social minimum of housing, health, education and nutrition. "The scope for free action by the citizens is in spending above that minimum." Where that much basic mass consumption is government-controlled, there is no great need to worry about how much consumption a given amount of spending will generate. The government can largely make its estimates come true.

What About White Collar Jobs?

There are other problems arising out of the restriction of American outlay to public works, in contrast to the wide variety of enterprise which Beveridge allows himself. In a year of severe business depression there would be a great boom in public undertakings. The **qualitative** effects of the multiplier could then produce some strange results. Unless public expenditures on pick-and-shovel and machine work automatically generated sufficient white collar jobs to absorb unemployed clerks, bookkeepers and statisticians, the fate of these sedentary people would be distressing. No amount of jobs for the callous-handed would necessarily create enough jobs for the soft-handed. Paper workers would have to be drained off into the manual occupations.

If some factor should bring on a prolonged depression, and if we are to take S. 380 literally as permanent and exclusive government policy, we would have to expect an era of rising splendor in public works coupled with growing relative poverty in housing, health, education and nutrition—the things which Beveridge puts first. This trend could become cumulative, with private enterprise being squeezed into a smaller and smaller sphere. Regardless of how they felt about the ethics and merits of private enterprise, how long would the American people be content to see their government engaged in building magnificent roads, parks, schools, sewers, bridges, and irrigation projects, which can only be fully enjoyed if they are accompanied by a vigorous expansion of the other components of a good life?

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development are ever looking to new horizons, new worlds to conquer, if you please. They are the antithesis of monopoly. They are the messengers of free enterprise, and it is with free enterprise that we have become the nation we are today.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 936)

National Bank Building, Grand Rapids, Mich.

Baker-Raulong Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available are analyses of **Liquidometer Corp., Delaware Rayon and New Bedford Rayon.**

Beech Creek Railroad—circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Benguet Consolidated Mining—circular—F. Bleibtreu & Co., Inc., 79 Wall Street, New York 5, N. Y.

Also available are memoranda on **San Mauricio Gold Mines** and **Mindanao Mother Lode Mining.**

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Central Railroad of New Jersey Bonds—A study—Newburger & Hano, 39 Broadway, New York 6, N. Y.

Central & Southwest Utilities Co.—timely analysis of interesting public utility—Thornton & Co., 60 Wall Street, New York 5, N. Y.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Electric & Gas Co. preferred and **Central Public Utility Corp.** Income 5½s of 1952—A study—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4. Ill.

Continental Aviation & Engineering—Study of outlook and possibilities for this company which is a factor in the field of jet propulsion—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass; Continental Aviation & Eng.; Michigan Chemical and Purolator Products.

A. de Pinna Company—circular—Herrick, Waddell & Co., Inc., 55 Liberty Street, New York 5, N. Y.

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **International Detrola.**

Elk Horn Coal Corporation and Lawrence Portland Cement Co.—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Florida—Bulletin of pertinent data on the State of Florida—Allen & Company, 30 Broad Street, New York 4, N. Y.

Fort Pitt Bridge Works—Memo on attractive outlook—Strauss Bros., 32 Broadway, New York, N. Y.

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report—**Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Gro-Cord Rubber Company—Statistical memorandum on post-war outlook—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **Thermatomic Carbon Co.** and a new analysis of **Panama Coca-Cola.**

Heyworth, Ill., Water Revenue Bonds—analysis—Benjamin Lewis & Co., Field Building, Chicago 3, Ill.

Interstate Co.—analytical study—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Also available a detailed report on **United Brick & Tile Company.**

Kingan Company—Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

(Continued on page 959)

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY AUG. 30

CONSUMERS POWER CO. on Aug. 16 filed a registration statement for $113,825,000 first mortgage bonds series due 1975. The bonds will be sold at competitive bidding and the interest rate will be named by the successful bidder.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

GENERAL MILLS, INC., on Aug. 16 filed a registration statement for 100,000 shares of cumulative convertible preferred stock, par $100. The dividend rate will be filed by amendment.

Details—See issue of Aug. 11.

Offering—The company proposes to issue warrants to common stockholders of record Sept. 7, 1945, to subscribe at the rate of one share of the new convertible preferred for each 20 shares of common stock at a price to be filed by amendment. Warrants will expire at 3 p.m. Sept. 19, 1945.

Underwriters — The underwriters are Dillon, Read & Co., Inc., Allison-Williams Co., C. S. Ashmun, Caldwell Phillips Co., J. M. Dain & Co., Frank & Belden, Inc., Goldman, Sachs & Co., Hemphill, Noyes & Co., Kalman & Co., Inc., Kuhn, Loeb & Co., W. C. Langley & Co., Lee Higginson Corporation, Merrill Lynch, Pierce, Fenner & Beane, Park-Shaughnessy & Co., Piper, Jaffray & Hopwood, L. F. Rothschild & Co., Smith, Barney & Co., Union Securities Corporation, Watling, Lerchen & Co., Dean Witter & Co., Harold E. Wood & Co., and Woodward-Elwood & Co.

MINNESOTA POWER & LIGHT CO. on Aug. 11 filed a registration statement for $26,000,000 first mortgage bonds due 1975. The bonds will be sold at competitive bidding and the interest rate will be named by amendment.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

SATURDAY SEPT. 1

FABRICON PRODUCTS, INC., on Aug. 13 filed a registration statement for 28,960 shares of common stock, $5 par value. The shares are issued and outstanding and are being sold by five stockholders, including 18,960 shares by Lawrence O. Turner, President of the company.

Details—See issue of Aug. 16.

Offering—The price to the public is $25 per share.

Underwriters—Baker, Simonds & Co., Detroit, Mich.

VALLEY OSAGE OIL CO. on Aug. 13 filed a registration statement for 143,659 shares of class A stock. Of the shares registered 113,468 are being sold by the registrant and 30,191 shares are issued and outstanding and are being sold on behalf of the Thomas Gilcrease Foundation.

Details—See issue of Aug. 16.

Offering—The price to the public is $12.50 per share.

Underwriters—The underwriter is Gilcrease Oil Co. of Texas, 165 Broadway, New York, N. Y.

WEDNESDAY, SEPT. 5

LELAND ELECTRIC CO. on Aug. 17 filed a registration statement for 25,000 shares of 5% cumulative convertible preferred stock (par $25) and 50,000 shares of common stock (par $3) and scrip for fractional shares.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Underwriters—Otis & Co. and Curtiss, House & Co.

INDIANA GAS & WATER CO. on Aug. 17 filed a registration statement for $6,000,000 first mortgage bonds due 1970. The bonds will be sold at competitive bidding and the interest rate will be filed by amendment.

Details—See issue of Aug. 23.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

THURSDAY, SEPT. 6

WESTVACO CHLORINE PRODUCTS CORP. on Aug. 18 filed a registration statement for 97,000 shares of $3.75 cumulative preferred stock, no par value.

Details—See issue of Aug. 23.

Offering—Holders of the presently outstanding shares of $4.50 and $4.25 cumulative preferred stocks will be afforded an opportunity to exchange their shares for the new preferred stock on a basis giving them the equivalent of the redemption value of their shares. A cash adjustment will be made in lieu of issuing fractional shares. A maximum of 95,703 shares of new preferred will be required to effect complete exchange. Shares not issued under the exchange offer, together with 1,297 additional shares, will be offered publicly by the underwriters at a price to be supplied by amendment. Unexchanged shares of the $4.50 and $4.25 preferred stocks are to be called for redemption on or before Nov. 2.

Underwriters—F. Eberstadt & Co. are named principal underwriters.

SATURDAY, SEPT. 8

PENNSYLVANIA POWER & LIGHT CO. has filed a registration statement for $93,000,000 first mortgage bonds due Oct. 1, 1975, and $27,000,000 sinking fund debentures due Oct. 1, 1965.

Address—Ninth and Hamilton Streets, Allentown, Pa.

Business—Public utility.

Offering—The price to the public will be filed by amendment.

Proceeds—The net proceeds from the sale of the bonds and debentures and $5,720,000 serial notes together with cash from the general funds of the company will be used to redeem the company's funded debt which, with premiums, will require $133,396,425. The company will redeem at 106½, $93,820,000 first mortgage 3½s; at 105½, $28,500,000 4½% debentures, and at par plus a premium of $10,625, $3,400,000 2⅝% serial notes. The refunding is part of a comprehensive plan filed by the company with the Commission providing for the simplification and strengthening of its capital structure.

Underwriters—The bonds are to be sold at competitive bidding, with the interest rate named by the successful bidder. Names of the underwriters will be filed by amendment.

Registration Statement No. 2-5872. Form S-1. (8-20-45).

CROWN CORK & SEAL CO., INC., has filed a registration statement for 275,000 shares of $2 cumulative preferred stock (no par), and 86,270 shares of common (no par).

Address—60 East 42nd Street, New York, N. Y.

Business—Manufacture of bottle caps and closures.

Offering—Company is offering 225,000 shares of the $2 preferred in exchange on a share for share basis (with a cash adjustment of dividends) to holders of its $2.25 cumulative preferred stock. The company is also offering 63,710 shares of common to its common stockholders in the ratio of one share of new common for each six shares held. The subscription price will be filed by amendment. The underwriters will offer to the public initially 50,000 shares of the $2 preferred and 22,560 shares of common together with the unexchanged and unsubscribed shares of preferred and common stocks at prices to be filed by amendment. CEM Securities Corporation, one of the principal stockholders, has agreed to waive its right to subscribe to 22,560 shares of new common out of total of 25,060 shares to which it would be entitled and such shares will be sold to underwriters.

Proceeds—Proceeds will be used to redeem at $47.25 per share any of the unexchanged old $2.25 preferred stock and to provide new working capital. The latter will be used to construct additional facilities for making bottle tops and closures at Atlanta, Ga., and San Francisco and for additional machine-shop facilities at Baltimore, Md.

Underwriters—The underwriting group is headed by Paine, Webber, Jackson & Curtis.

Registration Statement No. 2-5873. Form S-1. (8-20-45).

SUNDAY, SEPT. 9

COLORADO MILLING & ELEVATOR CO. on Aug. 21 filed a registration statement for 111,890 shares of common stock, par $1. The shares are issued and outstanding. The selling stockholders are Union Securities Corp. 101,890 shares, and Joseph H. King, a director, 10,000.

Details—See issue of Aug. 23.

Offering—The price to the public is $13 per share. The underwriters are to receive $1.50 per share.

Underwriters—The underwriters are Paul H. Davis & Co., Chicago, 45,270 shares; Hornblower & Weeks, New York, and Boettcher & Co., Denver, 33,310 shares each.

MONDAY, SEPT. 10

A. S. BECK SHOE CORP. has filed a registration statement for 39,046 shares of 4¾% cumulative preferred stock and 20,129 shares of common, par $1. The shares are to be sold by certain stockholders.

Address—25 West 43rd Street, New York, N. Y.

Business—Operates chain of retail stores.

Offering—The price to the public will be filed by amendment. A. S. Beck Shoe was incorporated in 1932 as a wholly owned subsidiary of Diamond Shoe Corp. The boards of directors of the two corporations have entered into an agreement of merger providing for the merger of Diamond into Beck, which will continue as the surviving corporation. Holders of the presently outstanding 417,750 shares of common of Diamond will receive in exchange 50,130 shares of 4¾% cumulative preferred and 417,750 shares of common stock of Beck. A special meeting of Diamond stockholders will be held on Sept. 10 with respect to the merger. Certain stockholders of Diamond have agreed to sell to the underwriters for public distribution 39,046 shares of preferred and 20,129 shares of common to be issued pursuant to the merger. The presently authorized and outstanding 10,000 shares of capital stock (par $100) of Beck and the authorized and unissued stock and treasury stock of Diamond will be cancelled so that the shares to be outstanding upon the consummation of the merger as stated above will constitute the entire authorized capital stock of the company.

Underwriters—The underwriting group is headed by Lehman Brothers and Wertheim & Co.

Registration Statement No. 2-5875. Form S-2. (8-22-45).

BENSON HOTEL CORP. has filed a registration statement for $440,000 first refunding mortgage serial and sinking fund bonds series A dated July 2, 1945, due serially Jan. 1, 1946 to July 1, 1957.

Address—Third Avenue, South Tenth and Eleventh Streets, Minneapolis, Minn.

Business—Hotel property.

Offering — The offering price to the public will be as follows: $75,000 of 3s at 100.50, $84,000 of 3¼s at 100.75 and $281,000 of 3½s at 101.

Proceeds—The net proceeds from the sale, together with general funds of the company, are to be applied to the redemption at 98% of the principal amount, plus accrued interest, of its outstanding $448,510 4½% first mortgage bonds.

Underwriters—B. C. Ziegler & Co., West Bend, Wis., is named underwriter.

Registration Statement No. 2-5876. Form S-2. (8-22-45).

TUESDAY, SEPT. 11

PUBLIC SERVICE CO. OF INDIANA, INC., has filed a registration statement for $48,000,000 first mortgage bonds, series F, due Sept. 1, 1975, and 150,000 shares of cumulative preferred stock (par $100). The bonds and stock will be sold at competitive bidding, with the successful bidder naming the interest and dividend rates.

Address—110 North Illinois Street, Indianapolis, Ind.

Business—Public utility.

Offering—The price to the public of the bonds and preferred stock will be filed by amendment.

Proceeds—The net proceeds from the sale of the bonds and preferred stock, together with net proceeds from $13,000,000 bank loans and the proceeds from sale of its gas and water utility properties and general funds of the company will be used to redeem a total of $63,064,500 principal amount of bonds and notes and toward the redemption of 148,185 shares of 5% preferred stock.

Underwriters—The names of underwriters will be filed by amendment.

Registration Statement No. 2-5877. Form S-1. (8-23-45).

PROVINCE OF NEW BRUNSWICK, CANADA, has filed a registration statement for $4,500,000 5½-year debentures due March 15, 1951. The interest rate will be filed by amendment.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds from sale, together with general funds of the Province, will be used to redeem at the principal amount on Nov. 15, 1945, the $4,500,000 4% debentures due Nov. 15, 1947.

Underwriters — The underwriters are Smith, Barney & Co.; Harriman Ripley & Co., Inc.; First Boston Corporation; Dominion Securities Corp.; Wood, Gundy & Co., Inc.; A. E. Ames & Co., Inc.; McLeod, Young, Weir Inc., and Hayden, Stone & Co.

Registration Statement No. 2-5878. Form Schedule B. (8-23-45).

WEDNESDAY, SEPT. 12

SPECIAL RISKS FUND, INC., has filed a registration statement for 18,980 shares of capital stock, without par value.

Address—1201 First National Bank Building, S. E. Corner Fourth and Walnut Streets, Cincinnati, O.

Business—Investment company of the diversified open-end management type.

Offering—At market.

Proceeds—For investment.

Underwriters—None named.

Registration Statement No. 2-5879. Form S-5. (8-24-45).

AMERICAN CENTRAL MANUFACTURING CORP. has filed a registration statement for 142,154 shares of common stock, par $1.

Address—Connersville, Indiana.

Business—Automobile bodies, sheet metal products, etc.

Offering—The company is offering the new stock for subscription by its common stockholders on the basis of one additional share for each 2½ shares held. The subscription price will be filed by amendment. Of the total, 85,304 shares will be offered to Aviation Corp., as stockholder, and 56,850 shares will be offered to other stockholders. Any shares not subscribed by other stockholders will be purchased by Aviation Corp.

Proceeds—The net proceeds will be used for the purchase of additional facilities or to repay in whole or in part outstanding bank loans or for both of such purposes. On Aug. 20, 1945, the company's unfilled war orders amounted to $719,849. Cancellation of an estimated $5,727,000 of the company's war contracts has been received from the end of the war to Aug. 20, 1945, and company stated other cancellations may take place.

Underwriters—None named.

Registration Statement No. 2-5880. Form S-1. (8-24-45).

MORRIS PLAN CORP. OF AMERICA has filed a registration statement for 937,500 shares of common stock, par value 10 cents.

Address — 420 Lexington Avenue, New York, N. Y.

Business — Holding company owning stocks in Morris Plan Banks and companies which make loans to specialized creditors.

Offering—The company on Aug. 21, 1945, received $7,500,000 in cash from American General Corp. as the purchase price of the 937,500 shares covered by the prospectus. The 937,500 shares are offered by American General pursuant to agreements with Morris Plan Corporation for sale at $8 per share or for exchange under certain conditions. Under offer one the holders of common stock of Morris Plan Corporation, other than Industrial Finance Corp., will be entitled to purchase 1.60 shares of common for each share of new common stock held. The holders of 7% preferred of Industrial will be entitled to purchase 18.5 shares for each share held and the holders of common of Industrial will be entitled to purchase 0.40 shares for each share held. In the event that 7% preferred and common stockholders of Industrial do not elect to purchase the entire number of shares covered by the offer they will be entitled to exchange their shares on the following basis: for each share of 7% preferred of Industrial 12.50 shares of common of Morris Plan, and for each four shares of Industrial common one share of Morris Plan. A plan announced last month provided that Morris Plan would provide the stock to be sold by changing the authorized number of shares of old common from 200,000, par $5, to 3,500,000, par 10 cents each, and to issue four shares of new common for each share of old common outstanding so that as a result 591,165 shares of new common would be outstanding.

Proceeds—The company will use approximately $4,000,000 of the proceeds for the retirement of bonds, notes and preferred stock and balance for working capital.

Underwriters—American General Corp. is named underwriter.

Registration Statement No. 2-5881. Form S-1. (8-24-45).

THURSDAY, SEPT. 13

ARMSTRONG CORK CO. has filed a registration statement for 161,522 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Address — Liberty & Charlotte Streets, Lancaster, Pa.

Business—Manufacture of linoleum, other floor coverings, etc.

Offering—The company is offering 108,528 shares to holders of common stock of record Sept. 13, 1945, in the ratio of one share for each 13 shares of common held at a price to be filed by amendment. The company also is offering 52,994 shares to holders of its 4% cumulative convertible preferred stock in exchange on a share for share basis. The exchange offer will expire Sept. 25. The underwriters will offer any unsubscribed or unexchanged shares at a price to be filed by amendment.

Proceeds—The proceeds will be used to retire at $100 per share any of the 52,994 shares of 4% preferred not exchanged for new preferred and for additional working capital. The company has appropriated $6,500,000 for the construction and equipment of asphalt tile plants and related facilities.

Underwriters — The underwriters are Smith, Barney & Co.; Kidder, Peabody & Co.; Mellon Securities Corp.; Blyth & Co., Inc.; E. W. Clark & Co.; Dillon, Read & Co., Inc.; Drexel & Co.; Eastman, Dillon & Co.; First Boston Corp.; Goldman, Sachs & Co.; Graham, Parsons & Co.; Harriman Ripley & Co., Inc.; Kuhn, Loeb & Co.; Lehman Brothers; Moore, Leonard & Lynch; Morgan Stanley & Co.; Reynolds & Co.; Singer, Deane & Scribner; Stone & Webster and Blodget, Inc.; Stroud & Co., Inc., and Union Securities Corp.

Registration Statement No. 2-5882. Form A-2. (8-25-45).

FRONTIER REFINING CO. has filed a registration statement for $400,000 5% sinking fund debentures, due Sept. 1, 1950.

Address—Cheyenne, Wyo.

Business—Refining crude petroleum.

Offering—Price to the public will be filed by amendment.

Proceeds—The proceeds will be used to pay off an existing loan from the Reconstruction Finance Corporation of $171,389 and to make certain changes in its refinery at Cheyenne, Wyo.

Underwriters—Boettcher & Co., Peters, Writer & Christensen, Inc., and Sidlo, Simons, Roberts & Co.

Registration Statement No. 2-5883. Form S-2. (8-25-45).

FROEDTERT GRAIN & MALTING CO., INC., has filed a registration statement for 40,000 shares of cumulative preferred stock, par $50. The dividend rate will be filed by amendment.

Address—Milwaukee, Wis.

Business—Production of malt.

Offering—The price to the public will be filed by amendment.

Proceeds—The net proceeds will be added to the working funds of the company. The company recently negotiated a 20-year 3% loan from the Mutual Life Insurance Co. of New York on which it will realize $3,482,500, of which $1,781,387 will be applied to the redemption of the 15-year 3½% sinking fund debentures and the remainder will be added to working capital.

Underwriters—The principal underwriters are Schroder Rockefeller & Co., Inc., and Loewi & Co.

Registration Statement No. 2-5884. Form S-1. (8-25-45).

SATURDAY, SEPT. 15

AMERICAN TELEPHONE & TELEGRAPH CO. filed a registration statement for $160,000,000 30-year 2¾% debentures, due Oct. 1, 1975.

Address—195 Broadway, New York, N. Y.

Business — Furnishing communications service, mainly telephone service.

Offering—The price to the public will be filed by amendment.

Proceeds—The proceeds from the sale are to be applied toward the retirement of the company's 30-year 3¼% debentures, due Dec. 1, 1966, outstanding in the amount of $160,000,000 which the company plans to call for redemption on Dec. 1, 1945, at 105 and accrued interest. The balance required for the redemption will be obtained from other funds of the company.

Underwriters—The debentures will be offered for sale at competitive bidding. Bids are to be received before 11:30 a.m. on Sept. 24, 1945, at which time they will be opened.

Registration Statement No. 2-5885. Form A-2. (8-27-45).

Phila. Municipal Men To Hold Club Outing

PHILADELPHIA, PA.—The Municipal Bond Club of Philadelphia will hold its first club outing at the Manufacturers Golf and Country Club, Oreland, Pa., on Friday, September 14, according to Carl Necker, chairman of committee on arrangements.

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ACF-BRILL MOTORS CO. on June 30 filed a registration statement for 190,464½ warrants. The warrants are issued and outstanding and are being sold by American Car & Foundry Investment Corp.

Details—See issue of July 12.

Offering—The warrants entitle the holder to subscribe to the common stock of the company. The selling stockholder, American Car & Foundry Investment Corporation, proposes to offer the warrants for sale to the public commencing approximately Aug. 1, 1945, with the price to be determined from day to day by market sales of the warrants.

Underwriters—None mentioned.

ALLIED STORES CORP. has filed a registration statement for 200,000 shares of cumulative preferred stock, par $100. The dividend rate will be filed by amendment.

Details—See issue of Aug. 9.

Offering—The offering price to the public will be filed by amendment. It is expected that arrangements will be made with the underwriters whereby holders of the company's outstanding 5% preferred, par $100, will be afforded an opportunity to purchase the new stock by tendering their old stock in payment for the new.

Underwriters—The underwriting group is headed by Lehman Brothers.

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1, and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

BROCKWAY GLASS CO., INC., on Aug. 8 filed a registration statement for 10,000 shares of 5% cumulative preferred stock, par $50.

Details—See issue of Aug. 16.

Offering—The price to the public is $50 per share. The company will offer the securities to the residents of the City of Muskogee, Okla., and others who are interested in the establishment of a glass plant by the company at Muskogee, as well as to persons living in the vicinity of Brockway, Pa.

Underwriters — There are no underwriters.

BROOKLYN BOROUGH GAS CO. on July 10 filed a registration statement for $3,640,000 first mortgage bonds due Aug. 1, 1970. The interest rate will be filed by amendment.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—The bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment.

Bids Invited—Bids will be received by the company at office of Whitman, Ransome, Coulson & Goetz, 40 Wall Street, New York, at or before 12 noon (EWT) on Sept. 5, 1945, for the purchase of the bonds. The coupon rate is to be specified in the bid.

BROOKLYN BOROUGH GAS CO. July 11 filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Details—See issue of July 19.

Offering—Price to public to be filed by amendment.

Underwriters—To be filed by amendment.

CELOTEX CORP. on Aug. 9 filed a registration statement for $5,000,000 15-year 3¼% debentures and 100,000 shares of 5% cumulative preferred stock, par $20. The offerings of the debentures and preferred stock are independent offerings, which may but need not be made concurrently.

Details—See issue of Aug. 16.

Offering—The public offering price of the debentures and preferred stock will be filed by amendment.

Underwriters—Paul H. Davis & Co., Chicago, heads the underwriting group, with names of others to be filed by amendment.

CENTRAL ELECTRIC & GAS CO. on July 30 registered 65,000 shares of 4.75% cumulative preferred stock, Series A, par $50.

Details—See issue of Aug. 2.

Offering—The company is offering the new 4.75% preferred in exchange for its presently outstanding 6% cumulative preferred stock on a share for share basis prior to Sept. 10. The unissued shares will be sold to the underwriters who will offer them to the public at $53 per share.

Underwriters — The underwriting group is headed by Paine, Webber, Jackson & Curtis and Loewi & Co.

CENTRAL HUDSON GAS & ELECTRIC CORP. on Aug. 10 filed a registration statement for 445,738 shares of common stock. The shares are issued and outstanding and are owned by Niagara Hudson Power Corp.

Details—See issue of Aug. 16.

Offering—The shares are to be sold at competitive bidding and the price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COLONIAL STORES INC. has filed a registration statement for 60,000 shares of cumulative preferred stock, 4% series, par $50.

Details—See issue of Aug. 9.

Offering—The company is offering to the holders of its 52,478 shares of 5% cumulative preferred the privilege of exchanging such shares for new shares on a share for share basis plus a cash payment. Any shares of the new preferred not issued under the exchange offer plus the 7,522 additional shares will be sold to the underwriters to be offered to the public at a price to be filed by amendment.

Underwriters—The underwriting group is headed by Hemphill, Noyes & Co., First Boston Corp. and Kidder, Peabody & Co.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters—Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

CONSOLIDATED BISCUIT CO. has filed a registration statement for 60,000 shares 4½% convertible cumulative preferred stock, par $20.

Details—See issue of Aug. 9.

Offering—The offering price to the public is $20 per share.

Underwriters—The principal underwriters are F. S. Yantis & Co., Inc., and Dempsey & Co., both of Chicago.

Registration Statement withdrawn Aug. 24, 1945.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

EVERSHARP, INC., on July 9 filed a registration statement for 32,500 shares of common stock, par $1. Shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers heads the underwriting group.

HAMILTON RADIO CORP. on July 27 filed a registration statement for 150,000 shares of its common stock, par $1, of which 100,000 shares are to be offered presently to the public and 50,000 shares reserved for the conversion of warrants, and 50,000 common stock purchase warrants.

Details—See issue of Aug. 2.

Offering—The common stock is being offered to the public at $5.75 per share. The common stock warrants entitle holder to purchase shares at $5.75 per share before Aug. 1, 1950. The company proposes to sell 30,000 of the warrants to underwriters, 15,000 to Adolphe A. Juviler, President and Treasurer, and 5,000 to Percy L. Schoenen, Vice President and Secretary, at 10 cents each.

Underwriters—Van Alstyne, Noel & Co. is principal underwriter.

HOUDAILLE-HERSHEY CORP. has filed a registration statement for $6,000,000 sinking fund debentures, due Sept. 1, 1960, and 190,000 shares of $2.25 cumulative convertible preferred, par $50.

Details—See issue of Aug. 9.

Offering—The public offering price of the debentures will be filed by amendment. Of the 190,000 shares of $2.25 preferred, 173,500 shares are to be offered by the company in exchange, on a share for share basis plus a payment of $5 a share to the company and with a cash adjustment of dividends, to holders of its outstanding Class A no par value stock. The remaining 16,500 shares and the unexchanged shares will be sold to the underwriters and offered to the public at a price to be filed by amendment. The $5 represents the difference betwen the par value of the new stock and the $45 redemption value of the Class A stock.

Underwriters—The underwriting group is headed by Paul H. Davis & Co. and Union Securities Co.

JEFFERSON LAKE SULPHUR CO., INC., on Aug. 9 filed a registration statement for 167,000 shares of common stock, $1 par.

Details—See issue of Aug. 29.

Offering—The company is offering to the holders of its common stock of record on Sept. 3, 1945, the right to subscribe at $9.75 per share for additional shares on the basis of seven-tenths of one share for each share held. Subject to the prior rights of holders of subscription warrants, officers of the corporation, who are not directors, and employees will be entitled to subscribe to 21,287 shares at $9.75 per share.

Underwriters—D'Antoni & Co., New Orleans, is the principal underwriter.

LANE BRYANT, INC., has filed a registration statement for 42,526 shares of 4½% cumulative convertible preferred stock (par $50) and 70,876 shares of common to be reserved for conversion of the preferred.

Details—See issue of Aug. 9.

Offering—The company is offering 12,312 shares of the new preferred in exchange for 7% preferred outstanding on the basis of two shares of 4½% preferred for one of 7% preferred with a cash adjustment on dividends. The balance is being offered to holders of common stock of record Aug. 23 at $51 per share at the rate of one share of preferred for each six shares of common.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and 4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MOHAWK PETROLEUM CORP. has filed a registration statement for 120,000 shares of common stock ($1 par). The shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of Aug. 9.

Offering—The price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc.

MONTANA-DAKOTA UTILITIES CO. on July 25 filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

NOMA ELECTRIC CORP. on July 26 filed a registration statement for 247,361 shares of common stock, par $1.

Details—See issue of Aug. 2.

Underwriters—None.

Offering—Company is offering its common stock to stockholders of Triumph Industries, Inc., formerly known as Triumph Explosives, Inc., on the basis of two shares of Triumph common, $2 par, for one share of Noma. Ansonia Electrical Co., a wholly-owned subsidiary of Noma, owns 200,000 shares of the common stock of Triumph. The offer of Noma is conditioned upon the acceptance of the offer by the holders of at least 80% of the stock of Triumph within the time period designated. The result of the exchange offer, when effective, will be to convert Triumph into a controlled subsidiary of Noma as of July 31, 1945, notwithstanding the fact that the exchange offer will not be consummated until a later date, the statement said. Assuming all of the shares of Triumph are exchanged pursuant to the order the shares of Triumph will be recorded on the books of the company at $3,626,682. Triumph has 494,722 shares of common stock outstanding.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). **The shares are owned by the North American** Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PUBLICKER INDUSTRIES INC. on July 28 filed a registration statement for 100,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of Aug. 2.

Offering—The offering price to the public will be filed by amendment.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane heads the underwriting group, with names of others to be filed by amendment.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series ranges from 99 to 102. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOLAR MANUFACTURING CORP. on July 23 filed a registration statement for $1,500,000 5% 15-year sinking fund debentures due Aug. 1, 1960; five-year common stock purchase warrants to purchase 57,500 shares and a like amount of common shares issuable upon the exercise of the warrants. The company proposes to sell the debentures plus 20,000 warrants to an underwriting group headed by Van Alstyne, Noel & Co. Each $1,000 debenture will have attached a non-detachable warrant entitling the holders to purchase 25 shares of common.

Details—See issue of July 26.

Offering—The price per unit to the public will be 100.

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group.

STANDARD FORGINGS CORP. on Aug. 10 filed a registration statement for 120,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—Shields & Co., Chicago, heads the underwriting group.

SUN-KRAFT, INC. on August 8 filed a registration statement for 100,000 shares of 30-cent cumulative convertible preferred stock and 200,000 shares of common reserved for conversion of the preferred.

Details—See issue of Aug 16.

Offering—The price to the public is $5 per share. In addition to the 90,000 shares which are to be offered to the public, 10,000 shares of the preferred are to be issued by the company to the estate of Eben D. Norton in exchange for 100,000 shares of common stock owned by the estate. These 100,000 shares of common are to be retired and cancelled.

Underwriters—Floyd D. Cerf Co. is named principal underwriter.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co., New York.

WESTERN LIGHT & TELEPHONE CO., INC. on July 27 filed a registration statement for $6,200,000 first mortgage bonds, Series A, due July 1, 1975. The interest rate will be filed by amendment.

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment, after the bonds are offered for sale at competitive bidding.

Bids Requested—Company is inviting bids to be received at office of Counsel Poppenhusen, Johnston, Thompson & Raymond, 11 So. La Salle St., Chicago, up to 11 a.m. CWT. on Sept. 5 the interest rate to be specified in the bids.

Small Business Wants Tax Laws Revised

A survey made by the deans of 52 State university schools of business among 10,000 executives of small businesses indicates that small business wants income tax laws changed to remove double taxation of corporation dividends and allow for building reserves.

Broker-Dealer Recommendations

(Continued from page 957)

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co., 25 Broad Street,** New York 4, N. Y.

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation** and **Magnavox Company.**

Nashawena Mills—Circular—Du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass.

National Paper & Type—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pennsylvania.

Also available are memoranda on **Eastern Corporation.**

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

National Terminals Corporation—circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors** and **American Service Co.**

New England Lime Co.—Circular—Dayton Haigney & Company, 75 Federal Street, Boston 10, Mass.

New Philadelphia & Reading Coal & Iron Co.—report reviewing the completion of the capital readjustment of the second largest producer of anthracite coal—Stern & Co., 120 Broadway, New York 5, N. Y.

Pan American Airways Corp.—discussion of interesting outlook as a speculation—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available are copies of the **Fortnightly Investment Letter.**

Pittsburgh Railways — Current study—**First Colony Corporation,** 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis—for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Schenley Distillers Corporation—Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1 N. Y.

Simplex Paper Corp.—report—White, Noble & Co., Michigan Trust Building, Grand Rapids 2, Mich.

Simplicity Pattern Co., Inc.—analysis for dealers only—First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Southeastern Corporation — study—Allen & Company, 30 Broad Street, New York 4, N. Y.

Stromberg Carlson Company—memorandum—Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

Airport Construction Aid Bill is Delayed

A Senate controversy over which committee, the Interstate Commerce Committee, headed by Senator Wheeler (D.-Mont.), or the Commerce Committee of which Senator Bailey (D.-N. C.) is chairman, should handle legislation dealing with domestic aviation may result in a delay of several weeks in action on the $500,000,000 Federal aid airport construction bill, for which many States and municipalities have been pressing, according to Associated Press advices from Washington, July 10. These advices state that Senate leaders had already decided in any event that the measure should not be brought up until after action on the United Nations Charter and the Bretton Woods monetary agreements.

Senator Bailey's group, the Associated Press stated, had approved the airport bill after lengthy hearings. Senator McCarran (D.-Nev.), its author, sought to bring it up yesterday but was dissuaded from pressing for action. Majority Leader Barkley (Ky.) told him he wanted to keep the decks clear for the big foreign policy measures. The press advices from which we quote went on to say:

Then Senator McFarland (D.-Ariz.), a member of Wheeler's committee, announced that he would oppose consideration of the measure until the jurisdictional dispute is settled. The result may be a lengthy Senate debate over the prerogatives of each of the two committees.

Meantime, many of the States are holding up plans for post-war airport construction to see what the Federal Government will do. A group from the South Carolina Legislature is here now conferring with the Civil Aeronautics Authority on aviation prospects for that State.

Mr. McCarran's bill provides for distribution of $100,000,000 a year for five years to the States under a formula based one-half on the State's relative population and one-half on its geographical area. The States would have to match the Federal funds.

Increase in Individual Savings Reported

The Council of Insured Savings Associations of New York State announced on July 19 that its 37 member associations had shown a 14.6% net increase in individual savings accounts or $19,261,105 for the first half of 1945. Savings accounts in June increased by $4,893,785 or 3%, the largest monthly increase on record. Home Mortgage loans closed totaled $15,359,766 for the first half of 1945, representing a 44% increase over the $10,669,139 loaned on homes in the first half of 1944. July marks the second anniversary of the Council. Beginning with 25 member insured savings associations in July, 1943, with resources of $128,214,776 the Council has grown to 37 members with $213,919,714 of resources on June 30. In that two year period savings accounts increased by $50,384,460 or 46.4%.

Wellman Engineering Co.—Descriptive circular — Simons, Linburn & Co., 25 Broad Street, New York 4, N. Y.

Also available is a circular on **Fashion Park, Inc.**

Wellman Engineering—descriptive memorandum — Wm. J. Mericka & Co., Union Commerce Building, Cleveland 14, Ohio.

Winters & Crampton—Up-to-date analysis on current situation—First Colony Corporation, 70 Pine Street, New York 5, N. Y.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market moved up last Thursday with confidence, following the announcement of the dates, the amount to be raised and the type of securities that would be offered in the coming Victory Loan. . . . Many of the psychological uncertainties which have been potent market factors recently, were removed when this information was made public. . . . The advance continued on Friday, with the result that nearly all of the bank eligible taxables had recovered most of the losses that had been registered on light volume, since Aug. 14, the day of the announcement that the Japanese had surrendered. . . . The partially exempts and the restricted issues made progress on the upside, but were under the levels of that day. . . .

The market continued to display strength this week as investors and dealers prepared to adjust their positions to the new financing. . . . The long partially exempts and the longest bank eligible taxable were in demand. . . .

LOAN DETAILS

The Victory Loan will start on Oct. 29, and extend through Dec. 8. . . . The amount to be raised will be $11 billions, with $4 billions to come from individuals including $2 billions of Series "E" Bonds. . . . The balance of $7 billions will come from other non-bank investors. . . . In addition to the Series E, F and G Savings bonds and the Series "C" Tax Saving Notes, the marketable issues that will be offered are the ⅞% Certificates due Dec. 1, 1946, the restricted 2¼% Treasury Bonds due Dec. 15, 1959/62 and the restricted 2½% Treasury Bond due Dec. 15, 1967/72. . . . The restricted bonds are six months longer in maturity than those offered in the Seventh War Loan. . . .

Straight commercial banks will not participate directly in the drive. . . . However, commercial institutions with savings deposits will be allowed to buy limited amounts of the F and G Savings Bonds, and the marketable drive issues, from Dec. 3, through Dec. 8. . . . The extent of their direct participations will be announced later. . . .

Also from Dec. 3 through Dec. 8, non-bank investors will subscribe to the marketable issues, with subscriptions by insurance companies and savings banks to be subjected to limitations that will also be announced later. . . . Deferred payments will be permitted for subscriptions to the 2¼s and 2½s by life insurance companies, savings banks and municipalities up to Feb. 28, 1946. . . .

Trading will not take place in the Victory Loan marketable issues until Dec. 10. . . .

MARKET POSITION IMPROVED

The starting of the Victory Loan on Oct. 29, had a good effect on the market, since the financial district was pretty much under the impression that it would come near the end of September. . . . However, on Tuesday, Aug. 21, the news was quite general that the drive would not begin until the end of October. . . . This resulted in a better market tone which has carried on through. . . . The goal of $11 billions was a billion under what has been expected by the financial community. . . . The securities to be available in the coming loan embodied some element of surprise in certain quarters, since it was believed that a 1¼% note or the 1½% bond would be included in the package. . . . On the other hand there were many in banking and trading circles that were expecting only a certificate and the restricted 2¼s and 2½s. . . .

The fact that drive will not take place until the latter part of October has improved the technical position of the market, since it will give dealers and traders more time in which to adjust their positions to the new offerings. . . .

INTEREST ACCRUAL

Interest on the Victory Loan 2¼s and 2½s will accrue from Nov. 15. . . . Accordingly, if the outstanding Seventh War Loan restricted 2¼s and 2½s were sold now, by individuals, the loss of interest until Nov. 15 would be equivalent in price to about 15/32 and 17/32 respectively for these bonds. . . . Taking this into consideration, along with the price differential that should be in favor of the Seventh War Loan restricted 2¼s and 2½s since they will be six months shorter than the Victory Loan bonds, and some premium that the new issues usually have, it seems as though the recently issued outstanding restricted 2¼s and 2½s have quite fully discounted the new financing, at these levels. . . .

For those who cannot subscribe for the new bonds until Dec. 3, the loss of interest equivalent in price, if the Seventh War Loan restricted issues were sold now, would be approximately 19/32 for the 2¼s, and 21/32 for the 2½s. . . .

Normal portfolio adjustments will still be allowed, although it is not expected that the life insurance companies and savings banks will do much of this until they know what restrictions will be put on their purchases in the coming drive. . . . No doubt this provision will have a stabilizing effect on the whole market. . . .

COMMERCIAL BANKS

The commercial banks are entirely out of the drive, aside from some limited direct participation by those institutions having savings deposits. . . . The limited direct subscriptions to the restricted issues by commercial banks with time deposits was probably to give these institutions, many of which are more largely savings banks than commercial banks, some measure of equality with the mutual savings banks. . . . It no doubt also has the purpose in mind of keeping the smaller commercial banks out of the longer term high coupon bank eligible obligations. . . . The latter advanced sharply before the Seventh War Loan when it was believed and later substantiated that the banks would participate only to a limited extent in the low coupon middle term issue. . . .

The coming Victory Loan will be the second drive in which there will be no marketable securities offered that the commercial banks can buy when the campaign is over, aside from the certificates, of which there is no current shortage. . . .

There will be no increase in the outstanding amount of notes, intermediate or long term bonds that these institutions can purchase when the drive ends on Dec. 8. . . . The only increase that will take place in these obligations will come when the insurance companies, savings banks and other investors decide to sell certain of these issues which they now own. . . .

This should mean that any selling of the bank eligible issues for "normal portfolio adjustments" should be very readily taken by the commercial banks. . . .

BANK ELIGIBLES

It was pointed out that for the year 1945 up to Dec. 8, barring changes in the present financing policy, which is not looked for, the amount of outstanding bank eligible bonds will have been increased by only $2,628,000,000, a very minor addition to the total. . . . This is the Seventh War Loan 1½% due 12/15/50. . . . The Treasury by such a financing program is again creating a shortage of the intermediate and long term bonds that the commercial bank can buy, which will result eventually in higher prices for these obligations. . . . This will tend to lower the level of interest rates. . . . The return flow of currency from circulation will create large excess reserves which will further press on interest rates. . . .

With the whole level of interest rates trending down the time will then be opportune for short term low coupon financing to the commercial banks which is what many believe the Treasury is preparing the market for. . . .

Based on this idea, money market experts are recommending the purchase of the presently outstanding bank eligible issues. . . .

Lester Karow Is With Varnedoe, Chisholm

SAVANNAH, GA. — Lester Karow has become associated with Varnedoe, Chisholm & Co., Inc., Savannah Bank & Trust Building. Mr. Karow was formerly a partner in Seabrook & Karow, of Charleston, S. C., and has recently been serving as a Major in the U. S. Army.

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The COMMERCIAL and FINANCIAL CHRONICLE

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The Financial Situation

The strategy of the New Deal political veterans who originated and are now the chief sponsors of the so-called full employment bill is becoming clearer with each passing day—and, we may add, more dangerous. Observers with eye-teeth fully erupted were never under any illusion about the propaganda campaign of constantly reiterated prophecies of heavy unemployment in the months to come. They now see the next step in the process of getting legislation to the statute books by use of New Deal tactics. This succeeding step takes the form of a parade of influential figures through the committee rooms of Congress. Doubtless some of the support that is being given the measure is of the provisional sort in which the familiar political strategy is in evidence of supporting a measure from which the teeth will be drawn, so it is hoped, by reservations, amendments or supplementary enactments, but the political strength that is being mustered behind this measure is a real hazard—for the measure is dangerous in the extreme.

The general background of the present situation was well supplied by a special correspondent of the New York "Times" early last week in a dispatch bearing a Washington date of Aug. 19. Here is what this reporter on the spot had to say:

"The Senate Banking and Currency Committee will begin on Tuesday its hearings on the so-called 'full employment bill,' a measure which, privately, was conceded, even by its backers, to be lying dormant when Congress recessed on Aug. 1 but a bill certain now to lead to the greatest legislative struggle yet to develop in the Truman Administration.

"The measure, originally put forward by 'New Deal' groups in both Houses, contemplates two unprecedented steps: A declaration of law that every employable person has

(Continued on page 964)

From Washington Ahead of the News

By CARLISLE BARGERON

For pure, unadulterated joy over Victory, you should come to Washington and hear the raging discussion about the Atomic Bomb. you must understand that Washington is a place where men make a living, even attain fame out of producing nothing. They make it out of sheer bunk. And out of sheer bunk they attain positions in which they can browbeat the rest of their 135 million fellow Americans. Up until 1933 the politicians held sway, but their power of browbeating was limited. There then came the economists. What these fellows did to their fellow citizens is nobody's business.

Carlisle Bargeron

Came the war and the military moved to the front. We aren't discussing the millions of American boys who did the fighting but the generals. Just like the economists who before Roosevelt had been backroom boys with eyeshades at high desks and now became policy makers, so the generals who had been lieutenant colonels, moved to the front of the row.

The generals who had been lieutenant colonels moved to the front in the last war, and then at war's end, reverted to their former rank and mufti. This time, up until a few weeks ago, they thought, and rightly so, that they had that process licked. There are major generals who under the ordinary course of things would revert back to captain. But this time it was thought that would not happen because the country had been properly sold on world consciousness, on the maintenance of a large military establishment. It so happens that back in the interventionist-isolationist controversy, one of the main arguments for intervention was that while it was likely true that Hitler wouldn't come over here, if we didn't head him off in Europe, we would have to maintain an armed camp, which would be very expensive. Then it turned out that after heading him off at considerable expense, we had to be the armed camp anyway. This proposition seemed fairly sold and no responsible person was likely to gainsay it. It seemed that the generals were not to revert, the colonels and majors were not to revert. We were to have a big military establishment, particularly a large navy and air corps.

This was the situation up until a few weeks ago when the Atomic Bomb, according to the propagandists, according to our own high officials, according to the

(Continued on page 967)

Autonomics and Economics

By ALDEN A. POTTER

Moral Basis of Private Property Presented as a Matter of the "Ledger Domain" of Correct Accounting, Rather Than the Legerdemain of Political Forms, in Control of Industry. Economic Ends Do Not Justify "Amphibious" (Political) Means of Valorization. International Balancing of Payments Unworkable for Multilateral Trade. "A Modern Liberalism Has Yet to Be Formulated."

I.
Freedom, or Serfdom?

Freedom in modern society can be served far more effectively by scientific than by legal developments for justice stands in far greater need of better bookkeeping than of new or renewed bills of rights. Political institutions have been developed far beyond their capacity to serve useful ends. Indeed, the "form of government" is far less significant to the welfare of the governed than is the correctness of the accounting system; which is to say that, in attaining a government that is best because it governs least, the pound of cure—the re-distribution of the wealth of nations by juridical processes (which includes the "social gains" of bureaucracy)—is worth far less than the ounce of prevention that lies in keeping our accounts straight. We need to **prevent** misunderstanding and maldistribution. Political, post-mortem palliatives to "control" exploitation, curb "monopoly", etc., are inherently too little and too late to afford **competitive** equity; and there can be no **equity** that is not competitively determined.

Alden A. Potter

Choosing, not between public and private enterprise, but between the gadgets and processes developed by science and invention, is the vital problem of modern existence. Current argument hinges on political versus economic responsibility in making these choices. To settle this intelligently—shall we say, scientifically—requires realization that these scientific innovations are competitive, physical means to attainment of physiological ends that are not chosen but are imposed by the nature of biological competition for a "place in the sun"—and rain. To choose between means with mathematical precisiin is a problem in bookkeeping—in objectively measuring pros and cons. Whether or not these means—the factors of production; land, labor, and capital—are to be monopolized as property (to produce "unearned" income for owners), and how such property is to distributed, cannot be settled wisely until the system of accounting for them, resulting in prices, is understood and agreed upon.

If we simply say, with Hayek (see "Scientism and the Study of Society" in Economica for 1942, '43, and '44), that the knowledge by which enterprise is developed is extremely complex, we are likely to conclude, not with Hayek that this complexity is too much for government, but with Boothby (Commercial and Financial Chronicle, June 7, 1945, p. 2517) that "the fundamental choice is not between private enterprise and socialism, but between monopolies which are private and irresponsible, and those which are public and responsible"—responsible politically, not economically, he should have added!

It is, indeed, science, not politics as Mr. Boothby avers that likes its issues kept simple. Politics likes to sidestep issues entirely; is it essentially a process of compromising, rather than settling, disputes. Mr. Boothby is a politician; and it is as a politician that he concludes that, because "life is no longer simple, and never will be again," the operation of resolving life's complexities is to be thrown into the lap of the politician: "The root of the whole matter lies in the conscious (read **'political'**) pursuit of an expansionist economic policy by the principal industrial countries." No one but a politician could so glibly propose "the conscious pursuit" of a nebulous policy of **ad hoc** ("amphibious") decisions by bureaucracy as a means for eliminating "the major fluctuations of the trade cycle" and attaining a "stability. . . . at full employment incomes;" for as long as a demagogic political policy fails to fulfill its promises, "the necessity for restrictive policies" in political terms is indicated. The excuse of a "transition period" on the way to Utopia is chronic with those who thus blindly lead the blind down the road to serfdom toward a promised land of abundance. In that

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Truth Well Spoken!

"If you spent a day in Washington talking with these various people you would discover innumerable conflicting theories and notions as to how and why the shoe business should be controlled. There is no reason to assume that the economic ideas and theories of these Government people are any better than yours.

"During the wartime when Government officials had facts about supplies, military requirements, etc., which were not available to the industry, there were many instances where shoe manufacturers' recommendations were made in the dark and where Government people had the advantage.

"But today the sole consideration is on problems of reconversion, and the advantage probably has shifted in favor of the manufacturer. You know the history and the background of the shoe business and its reconversion problems and needs as well as or better than anyone in Washington.

"In our opinion every control and every regulation which is continued after V-J Day should be submitted to the acid test of industry criticism, and if these regulations cannot be fully justified they should be abandoned." — National Association of Shoe Manufacturers.

On that basis they all would be very soon abandoned—as they ought to be.

Victory Loan Drive to Start Oct. 29—$11 Billion Goal—Sales to Individuals Major Objective

In announcing that the Victory Loan Drive will begin on Oct. 29, Secretary of the Treasury Vinson made known that the goal is $11,000,000,000.

"Of the $11,000,000,000 goal," said Mr. Vinson, "$4,000,000,000 is to come from sales to individuals and $7,000,000,000 from other non-bank investors. Of the individual quota, $2,000,000,000 is to come from the sale of Series E bonds."

Details of the drive were announced by the Treasury Department as follows:

The securities which will be sold under the direction of the State War Finance Committees are as follows:

Series E, F and G savings bonds.

Series C savings notes.

2½% Treasury bonds of 1967-72, maturing Dec. 15, 1972.

2¼% Treasury bonds of 1959-62, maturing Dec. 15, 1962.

⅞% Certificates of Indebtedness maturing Dec. 1, 1946.

The drive for individuals will extend from October 29 through December 8. During the period from Dec. 3 through Dec. 8, subscriptions will be received from all other non-bank investors for the marketable securities.

The 2¼% and 2½% bonds will be dated Nov. 15 and the certificates of indebtedness will be dated Dec. 3, 1945, and will be sold at par and accrued interest from those dates.

All Series E, F and G savings bonds and Series C savings notes processed through the Federal Reserve Banks between Oct. 29 and Dec. 31 will be credited to the drive.

The Treasury will request that there be no trading in the marketable securities and no purchases of such securities other than on direct subscription until after Dec. 8.

To avoid unnecessary transfers of funds from one locality to another, the Treasury again urges that all subscriptions by corporations and firms be entered and paid for through the banking institutions where funds are located. This request is made to prevent disturbance to the money market and the banking situation. The Treasury will undertake, as in the Seventh War Loan drive, to see that statistical credit is given to any locality for such subscriptions as the purchaser may request, except that subscriptions from insurance companies will be credited to the State of the home office, as in the past. The Treasury appreciates the substantial cooperation it has received in this respect.

The Treasury advices added:

The Treasury requests that all non-bank investors refrain from selling securities heretofore acquired to obtain funds to subscribe for the securities offered in the Victory Loan drive. This request is not intended to preclude normal portfolio adjustments. However, subscriptions by insurance companies and savings institutions will be subject to limitations to be announced later.

Life insurance companies, savings institutions, and States, municipalities, political subdivisions and similar public corporations, and agencies thereof, will be permitted to make deferred payment, at par and accrued interest, for the 2¼% and 2½% marketable bonds allotted to them, up to Feb. 28, 1946.

During the period from Dec. 3 through Dec. 8 commercial banks, which are defined for this purpose as banks accepting demand deposits, will be afforded an opportunity to invest a portion of their time deposits in Series F and Series G Savings Bonds, the 2¼% and 2½% Treasury bonds, and the ⅞% certificates offered in the drive, under limitations to be announced later. Securities so acquired by the banks will not be included in the drive nor will they be counted toward any quota.

Commercial banks will not be permitted to own the 2½% or the 2¼% marketable bonds offered in the drive until within ten years of their respective maturity dates, except as provided above.

The special bond in memory of the late President Franklin Delano Roosevelt will first be available at the start of the Victory Loan drive, when it will be on sale at all agencies authorized to issue United States Savings bonds of Series E.

This bond, in the denomination of $200, to be issued at $150, will constitute an additional denomination of Series E bonds and will have the same terms and attributes as other denominations.

In announcing the drive, the Secretary said:

"The present Treasury balance is large but enormous obligations incurred in the achievement of victory, including those for material and munitions already delivered and used, will drain this balance quickly and additional funds will be needed early in December. Government expenditures are being drastically reduced and this will continue vigorously. The aftermath of war, however, carries grave responsibilities that must be met. A substantial Army and Navy must be maintained until order is restored throughout the world. The cost of contract settlements, bringing our forces home, their mustering-out pay, hospitalization, care, and rehabilitation will be great and will require large sums for which we must plan now."

The Secretary said that the major emphasis in the Victory Loan drive will again be on sales to individuals. He took occasion to stress the importance of saving on the part of individuals and the wise investment of savings, and stated that although this is the last great public drive systematic saving through payroll deduction plans for the purchase of Series E bonds will be continued. It is essential to the orderly continuance of the program that industrial plants, business establishments, and Federal, State, and local governments with payroll deduction plans continue to service those plans, Mr. Vinson said, and it is highly important that all authorized issuing agents continue their bond issuing activities. The termination of the war should make no change in these respects.

The goal and securities to be offered, it is indicated, were determined by the Treasury after discussion with various groups, including Chairmen of the State War Finance Committees, officials of the Federal Reserve System, members of the American Bankers Association, representatives of insurance companies, and other investment authorities.

From the Treasury Department's advices we also quote:

In order to help in achieving its objectives of selling as many securities as possible outside of the banking system, the Treasury urges the cooperation of all banking institutions in declining to make speculative loans for the purchase of Government securities, and in declining to accept subscriptions from customers which appear to be entered for speculative purposes. The acquisition of outstanding securities by banks on the understanding that a substantially like amount of the new securities will be subscribed for through such banks, thus enabling them to expand their war loan deposit balances, is regarded as an improper practice by the Treasury. The Secretary will request banking institutions not to make such purchases. The Treasury is in favor of the banks making loans to facilitate permanent investment in Government securities provided such loans are made in accord with the joint statement issued by the National and State Bank Supervisory Authorities on Nov. 23, 1942, as follows:

"The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Executive Committee of the National Association of Supervisors of the State Banks made the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities.

"1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.

"2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short term or amortization basis fully repayable within periods not exceeding six months.

"3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions."

An item bearing on the drive appeared in our issue of Aug. 23, page 859.

Illinois Banks Direct Attention to Restoring Peacetime Economy

Illinois banks which on Dec. 8, 1941, pledged fullest cooperation to the task of winning the war now have turned their attention to recognizing their responsibility to their country and community in restoring a peacetime society and economy. Dedication of the Illinois banks to the fulfillment of this obligation is contained in a letter addressed to the members of the Illinois Bankers Association by Floyd M. Condit, President of the First National Bank of Beardstown, who is President of the Association. In his letter Mr. Condit says:

"Although the war is over, it still must be paid for, not only in dollars and cents but in rehabilitation of our returning fighting forces to domestic tranquillity and the reconversion of our economy to our peacetime needs.

"Post-war planning may produce an over-all program, but unless you and I have looked into our own personal affairs and have so arranged them that the transition will not be difficult; unless we have the affairs of our banks organized so that we can take whatever shocks can come to us; unless our communities are prepared for whatever peacetime conversions that may be required, we have not done our job right. After all, planning is a job that is very personal and close to home.

"Our work from now on is to see that our communities are prepared to take over their normal functions, that our people can evaluate the many suggestions—political, social and economic—which will be thrust forward as panaceas for all ills, so we can take that which is good and discard that which is bad and bring our home towns and the surrounding communities which they influence into a permanent and satisfactory prosperity."

The State of Trade

Within the past week many developments of far-reaching importance occurred to aid business and industry in its return to the pathways of peace. The shackles that have bound the hands of civilian output during the war are fast being loosened to expedite industry's reconversion.

This is as it should be for undue delay will prove a costly blunder and make for further dislocation of the nation's economy. Since V-J Day unemployment has shown a precipitate rise which, according to estimates of the leaders of organized labor, bids fair to jump to 15,000,000 workers. Other estimates, somewhat more conservative, place prospective unemployment between 8,000,000 and 10,000,000 people, but even the latter figures pose a serious threat to our future well-being should the condition be prolonged for any great period of time.

Encouraging, notwithstanding the grim specter of unemployment in the background, was the news on Friday of last week telling of the WPB's action in giving the automobile industry the go-signal to manufacture as many cars as the capacity of the plants is capable of turning out. The Board at the same time made no predictions as to how soon any great number will be available. In its changeover from equipment for war to passenger car output in peacetime, some material shortages confront manufacturers, the most acute being tin. The industry, however, is willing to use substitutes where necessary.

The removal of all limitations on automobile output paves the way for car manufacturers to swing into full production at an earlier date than was at first anticipated, but the question of ceiling prices on new cars remains to be settled. Prospects are bright that the OPA may announce its decision concerning them this week. The auto industry as a whole has in the past supplied a sizable working force and will continue to do so, but for the numerous job situations now being sought, labor must look to other fields.

The lifting of more than 200 controls by the WPB from the shoulders of manufacturers the past week should serve in some measure to provide displaced war-workers with additional jobs. Along with automobiles, all quotas on refrigerators, radios and numerous other articles were removed, thus creating new outlets for employment in the fields of manufacture and distribution.

With the discarding of wartime controls such as the priority system and the Controlled Materials Plan after Sept. 30, a new and limited system will be instituted for the reconversion period. Under the new plan "top priority" ratings to be used for all emergencies will be designated as AAA, while MM will apply to military ratings and CC, known as a non-extensible civilian preference rating, will be employed "in limited cases to break bottlenecks in reconversion and insure, when necessary, continued production and services."

As to the program for governing prices in the reconversion period, Chester Bowles, OPA Administrator, last week reaffirmed the plan announced several months ago of adhering as close as possible to 1942 rices. OPA's pricing formula for new model automobiles will be based, it is understood, on 1941 costs, plus basic wage and material price increases, plus "a normal peacetime margin of profit," Mr. Bowles disclosed. The profit will be based on the manufacturer's own 1936-1939 margin or one-half the industry average for that period, whichever is higher. Mr. Bowles in discussing prices, took the pains to point out that rumors that ceilings for any make and model have already been worked out are untrue.

Steel Industry—The steel industry last week, according to "The Iron Age," was still attempting to bring a semblance of order out of the temporary chaos in steel mill schedules occasioned by war contract cancellations, many of which have not yet reached the mill level. Some time may be required before steel activity gets back to normal because of the slowness in war contract cancellations reaching mill books.

Cancellations of steel orders on mill schedules have not come up to expectations and consequently many remain to be cancelled. Until such time as this occurs complete reconversion of the steel industry to peacetime operation will be hindered.

Steel shipments so far this month compare favorably with last month's volume and in many cases shipments are still behind orders, the magazine notes. One steel firm during the first half of August booked about 130,000 tons more than it shipped with most of this business firm regardless of war contract cancellations. Cancellations at the mill level are expected to pour into steel mills over the next several weeks, which will make it difficult to set up economic rolling schedules.

Concern is expressed that many consuming industries will not be immediately able to take steel in quantities which would warrant a high level of operations at steel mills, since such industries as appliance manufacturers and others still have a major reconversion problem which may take weeks to solve. This, however, is not the case with the railroads, warehouses, freight car builders, automobile manufacturers and farm equipment producers.

There appears to be a substantial volume of unvalidated steel tonnage which mills can work on as quickly as schedules can be made, "The Iron Age" points out. One mill reports it has confirmed orders which total 1,300,000 tons. Of this 22% was for hot rolled sheets; 16% cold rolled sheets; 10% galvanized sheets; 14% bars; 7% plates; 4% structural; 4% strip steel and 3% alloy steel. Flat rolled requirements, it appears, comprise about 60% of the firm orders on mill books.

Cold rolled sheet, tinplate and galvanized sheet tonnage so far have been relatively untouched by the flood of cancellations and, adds the trade magazine, unless reshuffling of advanced schedules is done on the initiative of the mills themselves, steel buyers previously classified as unrated will not find their prospects for early delivery improved. That the mills themselves may take a hand in spreading out early deliveries scheduled for such consumers as warehouses, farm implement makers and railroads is within the realm of probability. Such action, the paper suggests, would allow civilian industries awaiting steel for their reconversion plans to secure steel sooner than if extended schedules were allowed to run their course. Some mills are said to be considering setting aside a portion of warehouse orders in order to serve the big civilian consumers directly in the belief that forcing these consumers to turn to warehouses for materials is no help to reconversion.

Signs were evident the past week that competitive fences in the steel industry are being repaired with an eye to catching the big-time buyers. Until some order is restored to the present steel schedule problem, the large flat rolled consuming industries will continue to be faced with no tangible prospects for earlier than October delivery.

(Continued on page 970)

WPB Drops 210 Wartime Industry Controls

In a series of sweeping moves to facilitate the reconversion of industry and speed the flow of a wide variety of peacetime products into the hands of consumers, while still avoiding price inflation, preemption of scarce supplies, or a buyers' scramble, the War Production Board has dropped 210 more individual controls over industry, J. A. Krug, WPB Chairman, announced on Aug. 21. These moves are further steps toward achievement of fundamental WPB policy, to make it easy for industry to help itself and to solve its problems without Government assistance, Mr. Krug said. In his announcement he further said:

"Limitations on the number of radios, refrigerators and trucks that could be manufactured for civilian use were removed. Restrictions on a long list of other products were lifted and the materials freed for consumer goods.

"Affected are metal furniture, domestic stoves and laundry equipment, electric fans, motorcycles, storage batteries, photographic film, shipping containers, oil-burning equipment, silk and cotton duck, machine tools, construction machinery and caskets, as well as a large number of other products.

"The WPB action was put into effect by Priorities Regulation No. 31, which revoked 103 limitation and material orders, and 98 schedules. Nine directions and limitation and material orders not included under PR-31 also were revoked, involving a total of 210 revocations of controls. Except for most chemicals and a few other items, the revocations are effective immediately."

All other WPB controls are under review and a large number of further revocations will be made in the next few days, including the removal of restrictions on the number of automobiles that may be produced this year, Mr. Krug announced. The question whether new cars will be delivered equipped with spare tires still is being discussed, he said. Mr. Krug stressed the importance of the role the consumers durable goods industry will play in making the transition from war production a high level of peacetime output. He stated:

"The War Production Board has discussed with the consumers durable goods industry the importance to economic stabilization of large production in their lines. They have agreed to produce the same proportion of low-cost merchandise as they did prior to the war. The lifting of individual orders does not remove this obligation from industry. We are prepared to reimpose our orders if this does not prove to be the case."

Mr. Krug also said that industry has agreed to do all it can to step up output to high levels. He emphasized that while WPB is removing its controls as rapidly as possible, it intends to keep a careful watch on the effects of all action taken and will reimpose whatever restrictions may become necessary. He pledged priorities assistance for items that threaten to become bottlenecks in the broad program to restore full civilian manufacture, but only after the applicant has exhausted all possible means of helping himself.

"The action faces a remobilization of industry on a scale that matches the mobilization for war," Mr. Krug said. "We all have a tremendous stake in the speed with which this remobilization is accomplished. In his recent letter to me, President Truman said that every opportunity must be given to private business to exercise its ingenuity and forcefulness in speeding the resumption of civilian production. We do not want to perpetuate Government controls. We do want industry to solve its problems in the traditional American spirit of 'Let's get the job done!' This opportunity we are providing. At the same time, we will exercise our powers to keep the transition as orderly as possible. There will be shortages in some materials and it will be necessary to prevent hoarding. Therefore we are keeping controls on them. On others we are controlling inventory to prevent hoarding by large consumers at the expense of the small manufacturer."

Value of Free Enterprise System Emphasized By Severe Shortages, Black Markets, Etc.

Severe shortages, dislocations, black markets and chaos have emphasized and highlighted for the public at large the value of the free enterprise system under the laws of supply and demand, Ody H. Lamborn, President of the New York Coffee and Sugar Exchange, Inc., declared in his mid-year report Aug. 10 of the Board of Managers to the members of the Exchange. "The distressing but revealing wartime experiences in Government control of coffee and sugar," the report added, "have compelled appreciation of the fact that private initiative has, from time immemorial, supplied the people with ample supplies of essential commodities at low cost. The Exchange has been opposed to extended Government commitments in coffee and sugar and to the continuance of regulations or restrictions not absolutely necessary in the wartime emergency."

Commenting on coffee, Mr. Lamborn stated that there are no present indications that trading in coffee may be inaugurated on the Exchange until such time as there is a free flow of coffee, particularly from Brazil, and until coffee is removed from WFO 63 and ceiling prices eliminated.

"As to sugar, it is obvious that futures trading cannot be successfully carried on through the medium of the Exchange unless there is an ample supply of unrestricted tenderable material. Under Government crop-purchase programs such conditions do not exist. The sugar trade is virtually unanimous in the opinion that the current sugar shortage will extend through 1945 and through the first half of 1946 and that our Government, as a result of the recommendations made by the Anderson Committee of the House of Representatives will, in all probability, purchase the 1946 Cuban and Puerto Rican sugar crops, continuing some form of distribution and marketing control up to the end of 1946, if not beyond."

The report concluded: "It is our confident belief that these wartime experiences in Government management will aid greatly in causing the country, when these controls are dropped, to greet with enthusiasm the well-tested, practical, and successful traditional marketing methods."

Appointed Ambassador To Panama

Brigadier General Frank T. Hines, former Administrator of Veterans Affairs, was appointed on Aug. 18 by President Truman to the post of U. S. Ambassador to Panama.

General Hines recently completed 22 years as Administrator and was succeeded by Gen. Omar N. Bradley. His recess appointment as Ambassador will have to be submitted to the Senate for approval when Congress reconvenes.

Havard Bus. School Course in Management

Concerned with reconversion problems, Harvard Business School is gearing its wartime machinery into an intensive training course in advanced management for business executives. In 1943, when the course was first inaugurated, the stated purpose of the program was the retraining and upgrading of executives to enable them to carry broader responsibilities in war industries, or to facilitate the transfer to war positions of executives no longer serving in their normal peacetime pursuits. In advices under date of Aug. 23 the University goes on to say:

"The end of the war has put a different complexion on the business field and has provided an opportunity for the program to place special emphasis on reconversion in management and conversion of manpower to peacetime products.

"From business and industrial concerns these advanced students will come to study the wide range of problems which will be met by business managements in the days ahead. They will study problems of controlling costs, of pricing products, of securing cooperation between labor and management, and of the new relationships between Government and business.

"Since the start of the war some 500 successful businessmen between the ages of 35 and 60 from many sections of the United States have taken the 13 weeks' course of concentrated retraining in all fields of the business world. The Admission Committee is more concerned with what a man has accomplished since he left school than with how far he went in his formal education; therefore, there are no educational prerequisites for this course.

"In the past, key men have been sent to attend this course from such plants as Curtiss-Wright, Firestone, Ford Motor, Johns-Manville, North American, Consolidated Vultee, Lockheed, Philco, Allis-Chalmers, Sperry Gyroscope, Boeing, Corning Glass, B. F. Goodrich, Parke-Davis, Bell Aircraft, Warner and Swasey and many others.

The course opens Sept. 19 and will continue through Dec. 19.

Prosecution to Proceed Of Anti-Trust Actions

The War and Navy Departments on Aug. 20 notified the Justice Department that it may now proceed with the prosecution of 25 anti-trust suits on which they previously had requested postponements. Associated Press advices from Washington reporting this, said:

In March, 1942, the three Departments, with approval of President Roosevelt, agreed that 35 pending suits be postponed on the ground that prosecution would "seriously" interfere with the war effort.

Since then, 10 of these cases have been settled, most by pleas of no defense, according to the Justice Department.

Attorney-Gen. Tom C. Clark told a reporter he plans to try the other cases "as soon as the courts can handle them."

The cases are against some manufacturers of such commodities as stainless steel, dyestuffs, air filters, surgical supplies, air-conditioning units, optical goods, plumbing supplies, watches, fluorescent lamps and chemicals.

Asst. Attorney-Gen. Wendell Berge said the anti-trust division is already reviewing all 25 cases. Lawyers will be assigned to prepare them for trial as quickly as possible, he told a reporter.

"It's a reasonable conjuecture," Mr. Berge said, "that some will be settled by proposals from the defendants to enter into consent decrees or to plead to criminal indictments."

Advices to the New York "Times" from Washington, Aug. 20, by Lewis Wood, noting the action of the Army and Navy, said:

In a joint letter Acting Secretary of War Robert P. Patterson and Secretary of the Navy James V. Forrestal wrote Attorney-Gen. Tom C. Clark that the arrangements for postponements, made on March 20, 1942, was now no longer effective and that "all requests were withdrawn and the agreement terminated."

Nation's Banks Help Speed Reconversion; 37 Regional Credit Pools Organized

To help develop nationwide understanding of the comprehensive program adopted by the banks to assure business—small, medium and large—of adequate credit in the current transition period, Bankers Trust Company of New York has issued a series of six statements, made public Aug. 22 in pamphlet form, under the general heading of "The Banks Are Ready." The first bulletin in the series points out that, "The nation can tackle the difficult tasks ahead with greater confidence by reason of the fact that the banks as a whole are in a stronger position than ever before—both financially and in terms of newer viewpoints and methods.

"The banks are ready," the bulletin continues, "to supply credit in full measure to competent individuals, firms and corporations for all constructive purposes. The banks have developed lending methods which have been tested and proved in recent years—term loans, accounts-receivable financing, consumer-credit financing, field-warehouse financing, to mention a few."

One of the bulletins entitled Regional Credit Pools, points out that the banks have organized 37 local credit groups or pools located over the country and that a total of $600 million has now been committed by these bank groups for the specific purpose of augmenting and undertaking the financing, through loans or other credit accommodations, of small and medium-sized business concerns. These Regional Credit Pools will participate with local banks in financing business risks, in amounts, for periods, or upon terms which might be impracticable under usual banking procedure.

Another bulletin in the series, discussing Correspondent Banking, points out that of the 14,535 banks in the country, 70% have lending limits of $15,000 or less. Pointing out that two million businesses in this country have net worths of $100,000 or less and that 1½ million of these have net worths of $5,000 or less, one of the bulletins states that, "If as many as half of these two million businesses need loans ranging from, say, $5,000 to $30,000, the total would be about $11 billion, or only about 22% of the $50 billion total loans made by the 15,000 banks of the country in pre-war year 1940. Moreover, most American banks are small banks in small communities; they know small businesses; they are small business. Witness the fact that in 1940 new bank loans averaged $1,787 and renewals $1,403."

The final bulletin in the series, entitled "A Pledge of Adequate Credit," states that, "Through correspondent banking and through their own Regional Credit Groups, the banks are prepared to stay with a businessman and see that he gets the money from some bank or group of banks." In conclusion, the pamphlet states: "All along the line, the banks have been adapting their services to meet changing business needs in the transition period. This is private banking enterprise serving private business enterprise in the traditional American way. Private banking asks no favors, save the right to be judged by results."

ABA Analysis of Country Bank Costs

The task of conducting a nationwide analysis of the operating cost of approximately 3,000 country banks has just been completed by the Commission on Country Bank Operations of the American Bankers Association, it was announced on Aug. 14 by K. J. McDonald, Chairman of the Commission and President of the Iowa Trust and Savings Bank, Estherville, Iowa. With the completion of this project, the first cost analysis to be conducted on a national scale, the Commission mailed to each of the 3,000 participating country banks an individual and confidential analysis showing the cost of handling fundamental banking transactions, services and operations. With regard to the analysis, it is stated:

"The cost figures are shown on three simple forms. One form is devoted entirely to the cost of handling items and transactions and includes the figures for deposit tickets, on us checks, clearing and transit items, drafts and cashier's checks, various types of loans, bonds and warrants, and such services as auction sales and safe deposit rentals.

"Another form shows the actual operating cost and operating income from loans, investments and services. A third covers the distribution of income and expenses by departments, showing the net income and net loss on capital funds, time certificates, savings accounts, demand deposits, ration banking, auction sales, safe deposit boxes, other rent, other departments, loans, U. S. bonds, other bonds and warrants."

It is added that a unique feature of the analysis is the efficiency rating of each bank's staff. This involves a comparison of the time the bank's officers and employees spent on various transactions with the time it would have taken them to produce the same work using the Commission's standard time chart as a basis.

In a letter accompanying each bank report, the Country Bank Operations Commission explained that the analysis was made on a time plan basis which uses the number of minutes required to handle each type of item or transaction as a yardstick in measuring cost. This plan, the letter pointed out, is designed particularly for country banks because it recognizes the fact that country banks are not departmentalized and that the officers and members of the staff divide their time and activity among many different services, operations and transactions during the day.

In its message to the banks, the Commission declared that the cost study would be repeated in 1945. The cost analysis program, which involved more than 250 computations for each bank, was directed by a special committee with William C. Rempfer, Cashier of the First National Bank, Parkston, S. D., as Chairman. Mr. Rempfer is a pioneer in the field of bank cost analysis and is largely responsible for the development of the present formula, having used it with outstanding success in South Dakota, Iowa and other States for several years before it was considered and, after revision, adopted by the Commission on Country Bank Operations.

The Financial Situation

(Continued from first page)

a right to gainful employment, and the establishment of a wholly new system under which the President would prepare a national budget not only for routine Federal expenditures but recommending Federal appropriations estimated to be necessary to meet the prospective job deficit in private employment.

"These expenditures would amount to the difference between what was estimated as the maximum employment to be expected from normal private employment and the 'full employment' proposed under the bill."

No little controversy, much of it tinged with hypocrisy, has arisen concerning the meaning of the measure. Certain commentators, rather slyly it seems to us, insist that "nothing more is involved than a 'report' by the President," that Congress is not obliged to appropriate a penny unless its judgment directs, that without such action on the part of Congress nothing of consequence will have happened, etc., etc. Such "explanations" as this are an affront to the intelligence of the American people. If nothing more than this were really involved, would so much effort be devoted to driving Congress to enact such legislation without delay? To ask such a question is, of course, to answer it.

Who Are the Proponents?

It is instructive to observe who these proponents are and what they have to say about the measure. One of them is Mr. Murray of the CIO. He calls the measure a "must"—and insists that it be amended or supplemented in such a way that no question is left as to whether the Government commits itself to action as well as a "report." The President himself has rushed to the support of the measure, and his right hand man, the Secretary of State, has done the same at more length and in words which hardly leave the impression that he regards the measure as a mere formality or a political trick of some sort.

"A domestic program for the maintenance of employment," Mr. Byrnes says, "is an essential part of the pattern of international collaboration in the pursuit of peace and prosperity. Its enactment would demonstrate to other nations in a dramatic way that this country is determined to prevent depressions, and thus contribute to establishment of a liberal trading system and an expanding world economy. . . . To the extent that we are able to manage our own domestic affairs successfully, we shall win converts to our creed in every land. A strong, stable and prosperous America will give courage and hope to all friends of democracy abroad. Nations will no longer adhere to liberal principles if they feel their own stability is threatened by the persistence of depressions which may originate outside their borders. On the contrary, they will raise new barriers to trade in an effort to insulate themselves against a troubled world. In such an atmosphere the will for international cooperation on other fronts may be lost. This is the danger that must be averted if our hopes for peace and plenty are not to fail."

A "Southern Conservative"?

And this from a reputed member of the "conservative Southern wing" of the President's party! It is clear enough that either Mr. Byrnes no longer is in harmony with Southern conservatism (if there is any such thing), or else that conservatism has taken on strange hues during the Roosevelt regime. At any rate, this defense of the legislation in question out Herods Herod in its economic naivete—and in its consequent danger to the welfare of the people of this country. And certainly, if Mr. Byrnes knows what is intended by this measure (and supplementing legislation), it (or they) are not to be brushed aside as of no great practical consequence or danger. But can it be that Mr. Byrnes, or the President for that matter, supposes for a moment that the Government of the United States really can "prevent depression"? Not only the arguments of the Secretary of State, but those of most of the supporters of this measure appear to make that assumption—and the danger is great that far too many of the rank and file, particularly those not given to doing their own thinking, will reach this conclusion or perhaps unwittingly make the same assumption.

As regards the discussion of what the bill does or does not mean, there need be no question that the New Dealers — and probably most others—would assume, in the words of one of its supporters, that "the establishment and maintenance of full employment is accepted as a fundamental responsibility of the Federal Government." Quite as dangerous is the fact that the second assertion of this same supporter to the effect that "full employment is to be achieved with primary reliance on the constant expansion of private enterprise" would likewise be assumed by the rank and file — with the consequent removal or, at the very least, assuagement of the natural distrust of any good American of any such venture into the very heart of socialism. Let it be observed in this connection that a number of "business leaders," so-called, have ostensibly at all events given their approval to this thoroughly un-American proposal.

Have They Forgotten?

Have all these observers forgotten what we had supposed to be the most elementary truths about a really free economy?

Do they not understand that neither the President nor "a thousand of his lords" could make any trustworthy estimate of employment to be afforded by private industry a year in advance?

Have they forgotten that no one whose word is worth a great deal would for a moment claim to know just what causes "economic cycles" — except that they are a product not of any system of economics but of human frailty —and that only a few of the "lunatic fringe" of economists would risk an assertion that they know how to eliminate them?

Do they suppose for a moment that politicians have fathomed mysteries which have baffled all others?

Are they under the delusion that private business will be aided by having a constant threat of Government competition over its head?

Do they imagine that such a hybrid system as this so-called full employment measure would set up in this country could endure indefinitely?

Are they not aware that they are deceiving themselves in believing that such a scheme suggests reliance upon the private enterprise system as we have hitherto known it in this country—or that such a system could function as in the past under conditions now to be created?

Railroad Employees Up to 1,453,629 in June

Employees of Class I railroads of the United States, as of the middle of June, 1945, totaled 1,453,629, an increase of 0.44% compared with the corresponding month of 1944 and 1.89% over May, 1945, according to a report just issued by the Bureau of Transport Economics and Statistics of the Interstate Commerce Commission.

A gain over June, 1944, is shown in the number of employes for every reporting group with the exception of maintenance of equipment and stores and transportation (train and engine service), which show decreases of 0.94% and 0.24% respectively. The percentages of increase are:

Executives, officials, and staff assistants, 2.40; professional, clerical, and general, 1.27; maintenance of way and structures, 1.76; transportation (other than train, engine, and yard), 0.99, and transportation (yardmasters, switchtenders, and hostlers), 1.02.

WPB Announces New Materials Control System

The War Production Board took action on Aug. 22 to eliminate at the end of September the old wartime priorities control system including the Controlled Materials Plan and to substitute a new, limited system for use during the reconversion period. Victory over Japan reduced military requirements to such an extent that the all-embracing wartime priorities system no longer was appropriate, and its continuance would interfere with prompt reconversion, WPB said. It added:

The changes were made through amendments to Priorities Regulations 28 and 29 today. The new Priorities Regulation 29 provides:

1. Cancellation, effective at once, of all "AA" preference ratings (which includes all ratings except the special "top priority" AAA, the new military MM rating previously announced, and the new CC rating described below) on purchase orders that call for delivery after Sept. 30, 1945. There is one exception—the AA ratings will still apply to textiles.

2. The revocation of the Controlled Materials Plan, WPB's master plan for controlling wartime production, effective Sept. 30, 1945.

3. Cancellation, effective at once, of all allotments of steel, copper and aluminum (the three "controlled materials") for the fourth and subsequent quarters.

4. Introduction of a new junior, non-extensible, civilian "CC" preference rating to be used in limited cases to break bottlenecks in reconversion and insure, when necessary, continued production and services.

The announcement also said in part:

The new Priorities Regulation 28 explains when the new junior non-extensible "CC" rating will be assigned. WPB cautioned that its general policy is not to assign priorities assistance for non-military needs. The new "CC" rating will be used sparingly. It is expected that almost all materials will either be in surplus or in comfortable supply, and that ratings will therefore generally not be needed. The applicant must show that he has not been able to get delivery without a rating, and that the item to be rated is a "bottleneck" holding up minimum production, or that it is needed for reconversion construction or other essential construction. The "CC" rating may be assigned, where needed, to increase production to eliminate "reconversion bottlenecks," or in other cases to protect public health and welfare or prevent extraordinary hardships. "CC" ratings may also be assigned in limited cases of essential exports.

WPB said it would continue its policy of giving small business opportunity to obtain its fair share of materials. To this end, WPB officials have been instructed, in considering applications for the new "CC" rating, to give special consideration to the needs of small business.

The "CC" rating is non-extensible. It cannot be extended by a supplier to get production materials or components to make the item sold to his customer, or to replace in inventory materials used to make the item, or for any other reason.

The MM rating originally introduced under Priorities Regulation 29 for military use will be continued for the time being to support the requirements of the occupation forces and other continuing military needs.

Priorities Regulation 30, which provided for direct assignment of MM "military" ratings by WPB under certain circumstances, has been revoked.

From July 1 through Sept. 30 the MM rating is equivalent to AA-1, and the CC rating is equivalent to AA-2. After Sept. 30 the sequence of ratings will be AAA, MM, CC, in the order named.

The AA rating system will be retained for the time being for procurement of textiles and allied products. It is not expected that the AA rating system will be retained for any other products. However, if it is retained, the orders controlling these products will be amended to make clear that some of the provisions of Priorities Regulation 29 do not apply to such materials.

The AA rating system and the Controlled Materials Plan remain effective as to deliveries between now and the end of September, 1945. Effective immediately, however, all preference ratings in the AA series are cancelled on purchase orders calling for delivery after Sept. 30.

On Oct. 1 the Controlled Materials Plan will automatically expire, but until that time, deliveries of controlled materials will continue to be regulated by this plan.

Private Insts. Ready To Finance Post-War Home Building

More than 10,000 private financial institutions in every part of the United States are ready to start on the financing of America's post-war home building and modernization program with the aid of Federal Housing Administration insurance, as materials and labor become available, Commissioner Raymond M. Foley of the Federal Housing Administration said on Aug. 25. Back of these home financing institutions, ready to help them and the home builders of the country in meeting the large backlog of housing needs, are 99 field offices of the FHA, said the Administration which added that they include 62 insuring offices, one underwriting office, 31 valuation stations and five service stations scattered through the 48 States and Alaska, Hawaii and Puerto Rico.

With the war over and war housing insurance practically exhausted, Mr. Foley said the FHA is returning to its program of home mortgage insurance under Title II and looks for an early expansion in all normal peacetime operations, including home modernization and repair loans insured under Title I. He also stated:

Approximately 8,400 institutions in all states have originated Title II loans to finance the purchase or construction of private homes, and the latest report shows that 8,900 institutions hold Title II mortgages in their portfolios.

All types of financial institutions are participating in the FHA program—commercial banks, both national and state, savings and loan associations, mortgage companies, insurance companies, savings banks, state investing institutions, foundations and others.

These institutions have advanced more than $8,500,000,000 under the FHA program to aid more than 6,500,000 American families to buy, build or improve their homes. At present the FHA has authority to insure approximately $2,000,000,000 of home financing, and the President has been empowered by Congress to increase this another billion dollars as soon as the need becomes apparent.

Mr. Foley pointed out that the FHA does not itself lend any money, but insures loans made by private financial institutions. In insuring mortgage loans, it aids the lending institutions and the home buying public through its sound appraisals, minimum property and location standards, property inspection and uniform maximum interest rate.

Pacific Bases Called Essential to United States

The House Naval Affairs Committee has recommended that the United States retain ownership, control or guarantee of specific rights to any Pacific islands necessary to America's defense, without regard to pre-war ownership, the Associated Press reported from Washington, Aug. 18, adding that some of these are now claimed by France, Australia and Great Britain. In a report made public by Representative Car Vinson (D.-Ga.), Chairman of the committee, it is stated that the Islands must be kept as naval and military bases if the United States is to assume responsibility for peace in the Pacific. The report was based on the findings of a four-man subcommittee of the Naval Affairs group, which was composed of Representatives Ed. V. Izac (D.-Cal.), Andrew J. Biemiller (D.-Wis.), C. W. Bishop (R.-Ill.) and Delegate J. R. Farrington (R.-Hawaii). Urging that the United States have free and unrestrained access to the islands, the report made no attempt to suggest how the United States was to obtain title. The committee's specific recommendations, according to the Associated Press, were:

1. For our own security, the security of the Western Hemisphere, and the peace of the Pacific, the United States should have at least dominating control over the former Japanese mandated islands of the Marshals, the Carolines and the Marianas—commonly known as "Micronesia"—and over the outlying Japanese islands of the Izus, Bonins and Ryukus.

2. The United States should be given specific and substantial rights to the sites where American bases have been constructed on island territories of Allied Nations.

3. With respect to Manus, Noumea, Espiritu Santo, Guadalcanal and other sites of American bases on islands mandated to, or claimed by, other nations, full title to those bases should be given to the United States because "these other nations are not capable of defending such islands . . ." and "as these bases are links in our chain of security . . . we cannot permit any link to be in the hands of those who will not or cannot defend it."

4. The United States must not permit its Pacific bases to lapse back into a state of unpreparedness, as in the instances of Guam and Wake, prior to the present war.

The report went on to say, the Associated Press stated, that main fleet bases should be maintained at Pearl Harbor, Guam and Saipan in the Marianas, Iloilo in the Philippines, Manus in the Admiralties, and Noumea in New Caledonia. These advices further said:

Secondary bases, it said, should be maintained in the Midway Islands, at Okinawa, at Subic Bay in the Philippines, and in the Palau Islands, with fleet anchorages at Majuro, Kwajalein, and Eniwetok in the Marshals, at Truk in the Palau Islands, and at Espiritu Santo in the New Hebrides.

The committee urged retention in operational condition of all land plane bases now under Allied control; development of Mactan Island, in the Philippines, as a main Naval air base; and maintenance of land plane and sea plane bases at Puerto Princesa, Tawi Tawi and Guimeras in the Philippines; Okinawa in the Ryukus; strategic sites in the Bonins, the Kuriles and the Aleutians; Pearl Harbor, Midway, Canton, Johnston and other locations in the Hawaiians; Samoa, and Tontouta, Magenta, Espiritu Santo, Efate and Guadalcanal.

Control of the islands named by the committee has, in the past, been in the following hands:

Japan — Saipan, Okinawa, Palau, Majuro, Kwajalein, Eniwetok, Truk, the Bonins, the Kuriles, Palau.

Britain or Australia — Manus, Guadalcanal.

Joint British and French—Espiritu Santo, Efate.

French — Tontouta, Magenta, Noumea.

United States — Pearl Harbor, Guam, Iloilo, Midway, Subic Bay, Mactan, Puerto Princesa, Tawi Tawi, Guimeras, the Aleutians, Canton, Johnston, American Samoa.

The committee did not discuss American islands or Allied islands still in the hands of the Japanese. It will deal with them in a later report.

It emphasized, however, that the United States should "take outright" the Japanese mandated islands and "the outlying Japanese islands."

"To those who challenge the justification" for retention of Pacific bases, the committee had this to say:

"We will have restored peace to the Pacific almost single-handedly and if we are to be charged with the responsibility of maintaining that peace, we must be given the authority and the means by which to maintain the peace—one of the principal means being the authority over strategic islands in the Pacific. . . . Pre-war mandates mean little enforcement of world peace if the countries that hold them are incapable of maintaining and defending the islands." Heavy loss of American life in taking the various bases also was cited.

The United States strategy of defense in the Pacific, the committee said, "should revolve about a center line running north of the equator, through the Hawaiian Islands, the Marshalls, the Carolines, the Marianas and the Philippines," with the northern flank protected by the Aleutians and the Kuriles and the southern by "a mixture of islands" held outright by, or under the mandate of, the British, the French, the Australians, the New Zealanders, the Dutch, the Portuguese and the Chileans.

Major Knowland To Succeed Johnson

Gov. Earl Warren, of California, announced on Aug. 14 the appointment of Maj. William Knowland (Republican), former State Senator, as successor to United States Senator Hiram Johnson, who died on Aug. 6. Senator Johnson's death was noted in our issue of Aug. 16, page 764. Major Knowland stated on Aug. 17 that he hopes to be in Washington when Congress convenes in September. On that date Associated Press advices from Paris said:

The 37-year-old publisher of "The Oakland (Calif.) Tribune," who has been in the Army three and one-half years—seven months as a private—first learned of his appointment when he picked up yesterday's "Stars and Stripes."

Major Knowland will go to Washington with six years of experience in the California Legislature. He was Republican National Committeeman for California in 1938. In 1940 he was named a member of the executive committee of the Republican National Committee, and in 1941 was Chairman of the committee. Inducted as a private in 1942, he won a Second Lieutenant's Commission in 1943 after taking officer candidate's training at Fort Benning, Ga.

Although he has 96 discharge points, Major Knowland had little expectation of getting home immediately until he learned of his appointment to the Senate. He was scheduled to go to Frankfort-on-Main in Germany to continue his work of writing an Army history.

Major Knowland, whose views on foreign policy definitely are not isolationist, said he thought the United States "should have a strong American foreign policy—not Republican or Democratic—and that policy should not stop at the water's edge."

He went to France in the summer of 1944 with the historical section, advanced section communications zone. He is now in the same branch with United States forces in the European theater.

France to Increase Purchasing Power of U. S. Armed Forces Through Monthly Payments

It was made known on Aug. 20 in a joint statement issued at Washington by the Treasury and War Departments, and the French Government, that the French Government is arranging to increase the purchasing power of the members of the Armed Forces of the United States in France. The statement issued as made public by the Treasury Department, says:

"Under this arrangement the French Government will place at the disposal of the American Government a substantial number of francs for distribution to the members of the Armed Forces of the United States. These francs will be paid at the rate of 850 francs per month to members of the Armed Forces of the United States regularly stationed in France, and 850 francs will be paid to members of the Armed Forces of the United States stationed outside France at the time of their entry into France on leave, on temporary duty or in transit during redeployment."

The statement as it came from the Treasury Department likewise said:

"At meetings held with the Secretary of the Treasury, at which M. Rene Pleven, Minister of Finance and of National Economy of the French Government conferred with representatves of the United States War and Treasury Departments, consideration was given to the problems which have been of concern to the United States Government relating to the general welfare and purchasing power of members of the Armed Forces of the United States. M. Pleven emphasized the French Government's desire to make arrangements allowing the many members of the Armed Forces of the United States who will be stationed in, or in transit through, France during the period of redeployment to have the greatest possible opportunities of enjoying their brief stay in France.

"In Washington, an agreement was reached on the broad principles of a program intended to provide more entertainment facilities, greater availability of nonrationed goods on special terms and some special mechanism for generally improving the purchasing power of members of the Armed Forces of the United States in France. It was further agreed that the War and Treasury Departments would appoint representatives to work out in Paris, in cooperation with the American Forces in France and with the French Government, the details of the program.

"As a result of these negotiations which have been proceeding in Paris, the French Government is now announcing the following measures which it has put into effect.

"The first of these is a program of substantial price reductions for articles made in France on sale at Army Exchanges and for entertainment and refreshments at centers already opened or to be opened with French Government cooperation. These price reductions also apply to gifts purchased in French shops when exported to an address outside France by the soldier purchaser. Also, the Army Central Welfare Fund will benefit from a partial refund of the prices heretofore paid for local purchases in France by the Army Exchange Service. In order to acquaint members of the Armed Forces of the United States with the many places in France of historic and scenic interest, the French Government has arranged for conducted tours, at no cost to members of the Armed Forces of the United States, starting from the major leave or assembly areas.

"The distribution of francs will go into effect at the end of August. All other features of the above program are already in operation in certain sections of France and are being actively expanded.

"Secretary of Treasury Vinson, in accepting this arrangement, has expressed the appreciation of the United States Government for the friendly action taken by the French Government."

Bradley Succeeds Hines as Administrator Of Veterans Affairs

Direction of the affairs of the Veterans Administration was taken over on Aug. 15 by Gen. Omar N. Bradley, commanding general of the 12th Army Group in Germany, who was named on July 6 by President Truman to succeed Brig. Gen. Frank T. Hines as Administrator of Veterans Affairs. The nomination was confirmed by the United States Senate on July 13. Under date of July 22, Associated Press advices from Washington stated:

"Gen. Bradley flew here without notice today to take over direction of the Veterans Administration. At the Veterans Administration offices, however, it was said he probably would take a brief leave before actually moving in on Aug. 15."

Advices to the "New York Times" from Washington, June 7, stated that the President had taken pains to make it clear that the change in the office implied no criticism of Gen. Hines. Its purpose, the President indicated, was to modernize for the benefit of the veterans of this war the Veterans Administration, which, as it now operates, was set up to care for the needs of veterans of World War I; Mr. Truman expressed the opinion that the administrative post would be best filled by some one who was himself a veteran of the present war.

In an exchange of letters with General Hines, marked by complete cordiality, President Truman took note of a current investigation of the Veterans Administration now before the House Committee on Veterans Legislation. He remarked that General Hines had asked for the investigation.

"I want you to know," the President said in his letter, "that I have always had and shall continue to have complete confidence in you and in your handling of public matters. In fact I shall ask you within the near future to take another post of public importance, and I hope that you will accept it."

General Hines had tendered his resignation in two letters, one being a resignation as Administrator of Veterans Affairs, and the other as Administrator of the Divisions of Retraining and Re-employment Administration. This latter office, designed to facilitate the placement of veterans in civilian jobs, includes also the Director of Selective Service and the Chairman of the War Manpower Commission. Mr. Truman said that this second position would be divorced from that of Veterans Administrator.

Treasury Assignment of Gold Increment and Silver Seigniorage

Secretary of the Treasury Vinson announced on July 28 that the balance of increment resulting from reduction in weight of the gold dollar and the seigniorage resulting from the issue of silver certificates against silver bullion will no longer be segregated in the General Fund Balance on the Daily Statement of the Treasury. The advices state.

Gold Increment

"The total increment resulting from the reduction in the weight of the gold dollar amounted to $2,818,807,826.61, of which $2,029,397,108.56 has been used pursuant to specific appropriations by the Congress and $645,387,965.45 was used in connection with the retirement of national bank notes during the fiscal years from 1935 to 1939. The unexpended balance of increment on July 24, 1945, amounted to $144,022,752.60, of which $111,753,246.02 is the balance available under the Act approved June 19, 1934, for advances to Federal Reserve Banks for industrial loans. Inasmuch as the authorization for payment to Federal Reserve Banks for industrial loans is maintained in the 'appropriation accounts' of the Treasury and as payments for such purposes are made from the General Fund in the same manner as payments under appropriations for other purposes, there is no need to set aside for an indefinite time an amount of gold for payments to Federal Reserve Banks.

Silver

"When the policy of setting aside seigniorage in the General Fund was initially determined upon, in 1934, it was announced that an amount equivalent to such seigniorage would be applied eventually to retire the public debt. The fiscal situation since then has changed in many respects.

"As a result of the war, Treasury silver stocks have been made available to our Allies under lend-lease arrangements. Also, considerable stocks have been sold to industry and the use of silver for subsidiary coinage has materially increased.

"So long as the balance of silver carried in the General Fund was sufficient to cover the accumulated seigniorage, it was not necessary to tie up other assets in the General Fund, but because of the developments recited above the Treasury is now, in effect, required to maintain a substantial part of this seigniorage in the General Fund with borrowed money. More recently it has been determined that silver certificates shall be issued on a basis of the full monetary value of the silver bullion in the General Fund, up to 300,000,000 ounces, with the remaining silver to be held available for lend-lease requirements, subsidiary coinage, and sales to industry under the Green Act. In view of these substantially changed circumstances, the original reasons for the segregation of seigniorage in the General Fund balance no longer apply."

Would Continue Suspension Of Trade Barriers

The annual report of the Bank for International Settlements, Basle, Switzerland, declares that trade barriers suspended for the war's duration might wisely be continued in suspension after the war, according to "Wall Street Journal" advices from London, May 3. The report points out, however, that the balance between cost and price structures should be maintained by some other means than by increasing government debts, or post-war financial chaos may result.

Army-Navy Plan of Demobilization

With the cessation of hostilities in the Pacific theatre, plans are being accelerated for the release of armed services personnel, and the War and Navy Departments, on Aug. 15, according to Associated Press advices from Washington, which reported the release of statements covering the present demobilization program. Indicating that the three armed services had made public a broad outline of their demobilization plans, special advices from Washington Aug. 15 to the New York "Times" noted:

While the Army reiterated that it would get 5,000,000 men out of uniform in 12 months but insisted that it must have a post-war draft to keep the peace, the Navy revealed its plans to release 1,500,000 to 2,500,000 Sailors and Coast Guardsmen in 12 to 18 months and the Marine Corps established a point discharge system similar to the Army's.

The salient points of the plans announced by the services were these:

(1) The Navy's system differs from the Army's, as its points are reckoned principally on age, length of service, limited credit for dependents and no special credit for overseas experience. However, officers and men who have won certain medals are eligible for automatic discharge on request. The Navy estimates that 327,000 men are immediately eligible for discharge under its plan and the critical scores for discharge will be lowered as this first group goes out.

(2) The Army will release all enlisted men and women 38 years of age or older and promises immediate discharge for the 78,000 "high-point" men now in this country but as yet not released.

(3) The Army maintains that Selective Service "must continue," or the men who have fought and won the war will have to be kept overseas as occupation troops. It will launch a voluntary enlistment program immediately.

Henry L. Stimson, Secretary of War, was on vacation today, but Maj. Gen. Alexander D. Surles, the War Department's public relations director, and Maj. Gen. S. G. Henry, Assistant Chief of Staff for Personnel, called a press conference to present a statement from him. It pledged that the Army would try to do "just as fast and effective a job" in getting men back from abroad and out of uniform as it had done "in the other direction." It said that "we shall try desperately" to discharge 5,000,000 high-point men in the next twelve months, although the greatest number ever shipped overseas in a year was 2,500,000.

Mr. Stimson warned, however, that the needs of Gen. Douglas MacArthur's occupation forces had to be met. How many men will be needed to police the Pacific and Asiatic territory taken from the Japanese and how long they will be needed was not disclosed.

If the regular induction of men is not continued, Mr. Stimson said large numbers will be doomed to prolonged service abroad and at home. But inductions under the Selective Service System will be reduced.

Mr. Stimson made public a directive from Gen. George C. Marshall, Chief of Staff, to all commanding generals, ordering them to carry out the demobilization plan as rapidly as possible. General Marshall particularly warned all officials to "combat natural tendencies to continue activities, demand services and retain personnel, supplies, equipment or facilities which are not clearly necessary."

The following are the War and Navy Department's statement as reported by the Associated Press:

Army

I do not believe that there has ever been a case in history where so large an army has been so rapidly taken from civilian life, trained, equipped, transported to the fronts and put into battle as the Army of the United States in this war.

It is our aim and objective to do just as fast and effective a job in the other direction. We intend to make just as good a record in getting these men from the battlefront back home and in civilian clothes.

American soldiers have always had infinite possiblities. The question has always been what chance have we given them to use their capacities—what training, equipment and leadership have we provided—and what have been the time elements? The time elements in this case were dreadfully narrow. The marines at Guadalcanal, Patch's reinforcements, MacArthur's first push over the Owen Stanleys—these were just in the nick of time to save Australia.

The North African landing was just in time to help relieve the Russian front, counter-balance the Near East and assure the end of the Africa Corps. And so it went through New Guinea and the Philippines, in the Pacific, and by the landings in Sicily, Italy and Normandy in Europe. Never a moment too soon and always with just enough men and supplies. It has been drive, drive, drive into the war up to now.

From now on the tide goes out and we shall push with equal intensity to get the men back from the wars. In a minute I am going to read you the directive governing the Army's post-war objectives that has been issued to all commanders. Before I read this directive I want to make clear one or two parts of our program.

First, we shall try desperately to discharge 5,000,000 high-point men in the next twelve months. The greatest number we have ever sent overseas in a year was about 2,500,000. We expect now to get enough men back fast enough to discharge 5,000,000 men in twelve months.

These will be the high-point men. There is one possible exception to this. Gen. MacArthur, before V-J Day, had combed out of invasion force all eighty-five-point men. We could not ask him to disorganize his invasion force by combing out men of lower score until after events prove that there is no risk in our occupation of Japan. Premature discharges must not be allowed to reduce the Army to the point where it would be unable to control situations which might arise within Japan.

The second thing I want to comment on is the continuation of the draft. There are now 5,600,000 men in our Army with over two years' service. If we do not continue a regular induction of men, we doom large numbers—a total equaling the number of men whom we now wish to have inducted — to prolonged service abroad and at home. The President has said we shall continue Selective Service. I am certain that the vast majority of the 8,000,000 now in the Army will agree with that decision.

The directive governing War Department policy in the post-war era to which I referred reads as follows:

"Subject: War Department policies for the period following V-J Day:

"(1) Since December, 1941, the nation has depended upon the Army and Navy to build up and direct the power to bring us victory and peace. With the capitulation of Japan, the nation now looks forward to the demobilization of the Army and its installations as rapidly and efficiently as practicable. In some respects our responsibility is just as heavy as during the critical days of 1942. The same imagination, energy and devotion to duty which characterized the activities of the Army during the past four years must now be turned to the vast task of demobilization.

"(2) The mission of the War Department during the period immediately following V-J Day is stated as follows:

"(A) To demobilize the Army and eliminate and curtail the activities of the War Department to the maximum extent, and with the greatest rapidity consistent with national commitments for occupational forces.

"(B) To provide the occupational forces in conquered and liberated areas with sufficient trained personnel, supplies and equipment to assure the proper performance of their missions, and to assure their maintenance at standards befitting American soldiers.

"(C) To make reasonable provisions for fundamental post-war military requirements. Such provisions must not interfere with demobilization, and the elimination and curtailment of War Department activities.

"(3) In the performance of its mission, the War Department will be guided by the following general principles:

"(A) Every expenditure which is not directly and vitally necessary to the performance of its mission must be eliminated. During the war, Congress has been liberal in providing the War Department with funds. A serious obligation is now imposed on the department to cut expenditures to the minimum. The current requirements must be met to the fullest possible extent with supplies, equipment and facilities now available.

"(B) Every member of the Army will be treated as an individual. Primary emphasis will be placed upon the rapid discharge of military personnel in their order of priority as determined by their critical scores. Emphasis will be given to the educational programs and problems concerning personal readjustments to civilian life.

"(C) All officials will combat natural tendencies to continue activities, demand services and retain personnel, supplies, equipment or facilities which are not clearly necessary to the announced mission of the Army and the War Department. This must be kept in mind in making all decisions.

"By order of the Secretary of War.

"G. C. Marshall, Chief of Staff."

To carry out these policies, now that hostilities have ceased, the War Department is immediately confronted with three major responsibilities. The first job is to make the victory secure by suitable deployment of our Pacific occupation forces and demilitarizing Japan. The second is to bring home and discharge with all possible speed the men who are no longer required for effective national defense and for the occupational armies in Europe, and the Far East, and for the normal establishment of the Army. The third is to halt immediately the production of purely war munitions and release facilities for civilian production.

Many of the ships that are now carrying troops and supplies to the Pacific from Europe and from this country will be re-routed to United States ports. Only those carrying men and equipment needed for immediate occupation duty or which are so close to their Pacific destinations that it would be unwise to turn them around will complete their voyages as originally scheduled.

Except for those units which are specifically requested for future shipment by the Commander in Chief of Army Forces in the Pacific, General MacArthur, and the commanding general of the United States forces in the China theatre of operations, General Wedemeyer, and except for the flow of low-point replacements, the gigantic process of redeployment which started with Germany's surrender will be thrown into reverse.

Air and sea transportation will be utilized to the maximum to return our high-score men now overseas to their homes. Immediate action is being taken to enlarge the separation centers in this country so they will soon be able to discharge 500,000 men a month.

Our goal is to reduce the Army by 5,000,000 in the next twelve months, but it may take several months longer. More men will have to be moved in less time and over longer distances than ever before. It is a tremendous undertaking.

In order that there may be no delay in starting discharges under a revised point system, we shall continue for the present to release enlisted men under the old adjusted service-rating score of eighty-five and enlisted members of the Women's Army Corps under the old score of forty-four. For officers the present discharge system will remain unchanged at this time, with preference in discharge to be given to those with the longest and most arduous service.

Our first responsibility before we make additional men eligible for release from the Army will be to make certain that the Japanese have accepted the surrender terms in good faith .

There are 2,250,000 trained Japanese soldiers in the home islands alone and an equal number still to be disarmed in other Pacific and Asiatic territory. Until our own troops have moved in and ascertained that no new treachery is being planned by any groups in the Japanese population, we must have the means to stamp out inexorably and completely any enemy uprising.

As soon as all danger from this source has been removed, arrangements will be completed for putting into effect a revised point system, which will allow troops credit for service after May 12. A lower critical score will be established and further reductions in this score will be made periodically to insure that discharges proceed at the highest rate permitted by transportation. The aim will be, as in the past, to insure that those who have the longest and hardest service receive first consideration for discharge.

In addition, all enlisted personnel 38 years of age or older will be eligible for discharge within ninety days after fhey make application for discharge.

Delay in releases on the grounds of military necessity will be limited to a few highly specialized classifications. And men employed in speeding the demobilization in this country must wait replacement by low-score men from Europe.

As conditions permit, some or all of the highly specialized classifications will be eliminated so that every eligible man may be restored to civilian life.

To guarantee fairness to the men overseas, inductions under the Selective Service system must continue, but at a reduced rate. In no other way can we provide men to replace gradually the soldiers now forming our occupation forces and garrisons in Alaska, Hawaii and the Caribbean. In no other way can the overseas men find relief, since the numbers are too large to hope to replace them with volunteers.

A complete realignment of personnel of all units in this country and overseas will have to be made on the basis of the new adjusted service rating scores. This will continue to make it possible to give priority of discharge to those most entitled to this consideration.

The eagerness with which the men of the Army and their loved ones await their discharge is evident, but even now, if we are to secure the peace, some men with low-point totals will have to sail to foreign shores to relieve others who have been overseas a long time. They will now go to assignments that should involve little or no personal danger, but we would all prefer if they did not have to go at all.

The plans for shutting off the tremendous flow of weapons and equipment that has poured from the factories of America to the war fronts of the world are ready and have already been put into effect.

All of us are conscious, in this moment of victory, of the tremendous debt we owe to the fighting men, but at the same time we must have in mind the grim responsibility to make permanent the peace for which so many Americans have given their lives.

Navy

The Navy Department today announced its plan for release of personnel effective immediately, and its intention, subject only to military commitments, to release 1,500,000 to 2,500,000 men within the next year to 18 months. Type and area commanders have been directed that, among those eligible for discharge under the plan, preference will be given to men who have been longest at sea or overseas.

This new general personnel-release formula applies to all personnel of the Naval Reserve, to inductees and to those in the regular Navy who are serving beyond the expiration of enlistment.

The Coast Guard is following a parallel plan to that of the Navy. The Marine Corps plan will be announced separately.

The Navy has established a formula giving credit for age, length of service and dependency, and critical scores which at the outset represent the minimum number of points required for release.

One-half point is allowed for each year of age, figured to the nearest birthday.

One-half point is allowed for each full month of active duty since Sept. 1, 1939.

Ten points are allowed if the individual has a dependent. (Credit for dependency is established if the enlisted man or officer or their dependents are receiving an allowance from the Government for dependency at the time the plan goes into effect; subsequent dependency will not be computed. Personnel whose wives are members of any of the armed forces also are entitled to ten points.)

Four critical scores are established for different classifications of Navy personnel, lower eligibility totals being fixed for enlisted men in comparison to male officers as well as separate scores for enlisted Wave personnel and Wave officers.

The four critical scores are as follows: 44 for enlisted male personnel, 29 for enlisted Wave personnel, 49 for male officer personnel, 35 for Wave officer personnel.

The Navy will make downward adjustments in the critical scores whenever military commitments permit. By this means the Navy plan is kept flexible and allowance is made for accelerating the rate of personnel release.

Lower critical scores were assigned to Wave personnel because such personnel will not ordinarily receive benefit of dependency credit and the women's reserve has not been in existence long enough for women personnel to have been on active duty a length of time proportionate to male personnel.

Regardless of his critical score, anyone who has received one of the higher combat decorations of the armed services is entitled to release upon his own request. These awards are the Medal of Honor, Navy Cross, Legion of Merit, Silver Star Medal, Distinguished Flying Cross, and comparable medals of the Army, if such awards were made for combat achievement.

Provisions will be made outside this formula for the more rapid discharge of certain categories of aviation personnel and other classes of personnel in which large excesses over present requirements exist.

Certain individuals will continue to be eligible for release or discharge under conditions specified in previous directives, such as extreme hardship cases involving dependency, enlisted men age 42 and over who request release. The computed service age formula for the release of officer and enlisted personnel, which became effective July 24, 1945, is canceled.

Approximately 327,000 become immediately eligible for release under the Navy demobilization plan. This number includes 261,000 enlisted men, 5,200 enlisted women, 40,000 male officers, 500 Wave officers and up to 20,000 award holders.

In addition to the increases in personnel who will become eligible for release as they accrue additional credit for service and age, larger numbers to be discharged will result from future reductions of the critical scores.

The Navy Department expects to lower the critical scores in order to meet its goal of releasing up to 2,500,000 men within a year to 18 months. The speed and the extent to which this will be possible will, of course, depend upon military commitments.

The keynote of the Navy demobilization plan is simplicity and speed of computation. Careful consideration was given to other factors which might have been included in computing the critical scores. Several were excluded because it was apparent that they would have complicated and slowed down the entire procedure without returning the individual to civilian life more rapidly.

Allowance for more than one dependent is not included in the critical scores because, as a whole, the added factor would not materially alter the order of release. While only 45% of the total Naval personnel have dependents, approximately 65% of the 327,000 now eligible for release have dependents.

Credit for overseas service was also considered but is not used in computing critical scores because to add this factor would further complicate the formula without materially altering the order of discharge. Navy records show that 93% of male personnel (officers and enlisted) qualified for sea or foreign duty (excluding those recently taken into the service and now in training for such duty) have served outside of the continental limits. In instructions released by the Department, type and area commanders have been directed that, among those eligible for discharge under this plan, preference as to order of return to this country will be given to men who have been longest at sea or overseas.

As an example, if an enlisted man is 29 years old, has been in the service since January, 1942, and is married, he would receive 14½ points for his age, 21½ points for the number of months he has been in the service and 10 points for dependency, a total of 46 points, or 2 points more than the number required to make him eligible for separation.

The present critical scores determine the immediate eligibility for discharge. The controlling factors in future reductions in the critical scores and on the numbers and rate of discharge will obviously be military commitments and the availability of shipping. The responsibilities to which the Navy may be committed in the Pacific, the availability of ships to transport personnel across thousands of miles of ocean and the ability of the railroads to handle traffic will necessarily regulate the speed with which demobilization takes place.

Personnel who do not wish to be released at the time that they become eligible may apply to stay in the Navy as long as there is need for their services. Conversely, in order to avoid the reduction of personnel on ships and in essential shore activities to the point where they are unable to operate, commanding officers are permitted to delay detachment of eligible persons until they are replaced, but not for more than 120 days. Personnel in certain classifications, such as the Medical Corps and certain other types of specialists, may be held for periods greater than 120 days until their vitally needed services can be replaced.

Twenty personnel separation centers are in process of being set up at strategic locations. In addition, personnel separation centers for the Women's Reserve are being established in five cities. Those designated for separation will be processed at these centers within 72 hours after arrival there. All personnel will be given a private and personalized exit interview, informed of a veteran's rights and benefits, and instructed as to the appropriate agencies authorized to administer those benefits.

Whether or not the Navy continues to use inductees will, of course, depend on national policy with respect to the maintenance of the Selective Service System. Adequate personnel will be needed by the Navy to meet necessary commitments, including military requirements and the laying up of ships and other gear. The intake of new personnel will allow the Navy to discharge these responsibilities while releasing with as little delay as possible men who have borne the burden of the war.

Cotton Spinning for July

The Bureau of the Census announced on Aug. 22 that, according to preliminary figures, 23,127,798 cotton spinning spindles were in place in the United States on July 31, 1945, of which 22,030,280 were operated at some time during the month, compared with 22,188,330 in June, 22,167,678 in May, 22,158,674 in April, 22,232,168 in March, and 22,291,072 in July, 1944. The aggregate number of active spindle hours reported for the month was 7,922,813,588, an average of 343 per spindle in place, compared with 9,239,765,994, an average of 399 per spindle in place, for last month and 8,603,032,057, an average of 369 per spindle in place, for July 1944. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during July 1945 at 102.0% capacity. The percent, on the same activity basis, was 118.8 for June, 114.8 for May, 116.9 for April, 121.8 for March, and 115.4 for July 1944.

Would Encourage Germany To Build Free Institutions

The assertion that the military government of Germany could not be a purely negative control and that the Germans "should be encouraged to build free institutions suitable to their needs," was made at Belfast on Aug. 24 by General of the Army Dwight D. Eisenhower. Reporting this, Associated Press accounts from Belfast said:

> Speaking at a ceremony in which he accepted the freedom of Belfast, the wartime Allied Supreme Commander praised the British because they "historically have been vigilant of their ancient liberty."
>
> "They have displayed a sturdy sense of responsibility," he said.
>
> "A tremendous step toward world peace will be accomplished if a similar sense of personal responsibility can be acquired by the German people."

From Washington Ahead Of The News

(Continued from first page)

Japanese, ended the war. The proposition is inescapable that we don't need an army, navy or air corps in the future, just a few Atomic Bombs.

This is what the Army and Navy knows. If you go to an Army or Navy high officer and mention the Atomic Bomb, you do so at your own risk. The things he is saying about the scientists are not fit to print. You can imagine how he feels, too. For more than three and a half years the services have been squabbling about who was winning the war: the Army, the Navy or the Air Corps. It is a fact that they spent lives galore and billions of dollars in the process. But in the final analysis a few bespectacled scientists step in and wave them aside and say they won it.

In all of our experience in the great propaganda mill of Washington we have never seen such confusion. You talk to the Army and Navy people and get the impression that the Atomic Bomb is the greatest hoax that has ever been perpetrated upon a people. They are eagerly citing the statement of the Danish Minister in Tokio, just arrived in Washington, that the most miserable night he ever spent was the night early in March when our B 29's came over Tokio and killed 100,000 people. But the Japs are saying that our Atomic Bomb is stil killing people in the Hiroshima and Nagasaki areas. That, according to our Army and Navy people, is just the Japs' way of saving face. And it is a fact that they would like to wreak revenge on them more for this than for Pearl Harbor.

Into this melody creeps through a story of the experience of two American flyers who a few days ago had to land at Nagasaki because of the lack of gas. Apparently not knowing of the raging controversy in Washington, they told of seeing street cars running and people walking the streets of Nagasaki where the Japs say people are still dying from the effects of the bomb. In the meantime, we are told that although all war contracts have been cancelled, the atomic bomb plants are still working. Yet it is such a devastating thing that our Government hopes to bring about an international control, and in the meantime, we had certainly better not stay out of any international organization, or refuse to give money abroad; we must go to any extent to get along in the world community, because this atomic bomb has made us next door neighbors. The Army and Navy don't have any neighborly feeling. They'd like to run the scientists and the scientists' propagandists, clean off the board. An observation here would be that there is no such thing as security. The generals thought they had it; then came the scientists.

There is plenty of evidence that Henry Wallace is moving towards a break with Truman. He doesn't like his job. In it he is bottled up and must remain loyal to Truman for a second term. It may not be Wallace so much as the crowd around him. His CIO-PAC followers are minus a leader. In the great reconversion they are being washed up. That is, as the hill billies, farmers, ne'er do wells, malcontents, overaged and incompetents are being swept out of the plants, Sidney Hillman, Phil Murray et al, are losing their strength. Their cause is being dissipated. They are making a tremendous stand on the so-called Full Employment Bill.

But they need a flaming evangelist. They seem to have definitely sold Wallace that this is his role. He can't exercise it as a member of Truman's cabinet. So watch for a split.

Before Truman left for Potsdam, Henry showed up with what he called his economic blue print. Truman waved it aside, told him to wait until after Potsdam. Since, Wallace hasn't been able to get Truman's ear.

The handwriting on the wall is the revival of Wallace in the "Liberal" papers recently. He has all sorts of plans, according to this build up, but is being held in check. Watch for his separation from the cabinet soon and his becoming the Joan of Arc of the radicals.

When one thinks of all the jobs available in this country, and how, if the politicians would keep their hands off, things would very likely adjust themselves, it is a little sickening to know what is in store, politically, for us. But it is there.

O'Connor to Succeed Mrs. Rosenberg As WMC Regional Director

Mrs. Anna M. Rosenberg announced on Aug. 19 that she has submitted her resignation as Regional Director of the War Manpower Commission to Chairman Paul V. McNutt. The resignation is to take effect Sept. 15, when she will resume her private practice as a consultant in the fields of industrial, labor and public relations.

Mrs. Rosenberg is a member of the Advisory Board of the Office of War Mobilization and Reconversion and is also a consultant to the Retraining and Reemployment Administration. She will continue these activities, as well as her work as Chairman of the New York City Veterans' Service Center. Mrs. Rosenberg has made two trips to Europe within the past year—first as personal representative of President Roosevelt to study the problems of returning service men and, recently, for the same purpose, at the request of President Truman. Mrs. Rosenberg has been Regional Director of the War Manpower Commission since its establishment in 1942. From 1936 to 1942 she was Regional Director of the Social Security Board, and in 1941 was also appointed Regional Director of the Office of Defense, Health and Welfare Services. Previously she had been Regional Director of the National Recovery Administration for New York State. She is also a member of the New York State War Council, the New York City Mayor's Business Advisory Council, and honorary Chairman of the New York City Defense Recreation Committee of which she was one of the founders.

In accepting Mrs. Rosenberg's resignation, Paul V. McNutt, Chairman of the War Manpower Commission, announced that Joseph B. O'Connor would succeed her as Regional Director of the War Manpower Commission. Mr. O'Connor has been Deputy Regional Director of the War Manpower Commission and formerly was Assistant Regional Director of the Social Security Board.

Paying on Gold Futures

From Chungking July 31 Associated Press advices as follows were reported by the New York "Herald Tribune":

> The government disclosed today a decision that all persons who bought gold futures before sales were suspended June 25 will be given only 60% of the gold contracted for and be paid the remaining 40% of the original purchasing price in "Allied Victory Bonds."
>
> This produced another jump in the black market price of gold which rose from $160,000 Chinese to more than $200,000 an ounce.

MacLeish and Holmes Quit State Department

Following the resignation of Joseph C. Grew as Under-Secretary of State, and the appointment of Dean G. Acheson (formerly Assistant Secretary), as his successor, announced earlier this month, further changes have since occurred in the official staff of Secretary of State Byrnes. On Aug. 17 it was made known that Archibald MacLeish and Gen. Julius C. Holmes had resigned as Assistant Secretaries. President Truman on Aug. 21 nominated 33-year-old Col. Frank McCarthy, of Richmond, Va., Secretary of the War Department's general staff, as Assistant Secretary of State in Charge of Administration. In his new post Colonel McCarthy will succeed General Holmes. It was noted in Associated Press advices from Washington Aug. 17 that only three of the original State Department high command which served under former Secretary Edward R. Stettinius, Jr., remain — Assistant Secretaries Nelson A. Rockefeller (in charge of Latin-American affairs), James C. Dunn (in charge of all foreign affairs except Latin-American) and Will Clayton (in charge of economic affairs).

From the same advices we quote:

"Mr. MacLeish, former Librarian of Congress, was brought into the Department last year to direct public information activities. He said in his letter of resignation that the duties of the position to which the late President Roosevelt appointed him had 'materially altered with the adoption of the United Nations charter and the termination of the war.'"

"Mr. Truman, in accepting the resignation, expressed sincere appreciation for Mr. MacLeish's 'splendid service.'

"General Holmes, an old-line foreign service man, had served on Gen. Dwight D. Eisenhower's staff before Mr. Roosevelt named him Assistant Secretary in charge of administration last December. He advised Mr. Truman that his plans at the time were to return to private business when the war was over.

"Mr. Truman expressed 'deep appreciation of the splendid service' Holmes gave in the army and 'of the equally effective contribution you have made to the war effort in the office you now relinquish.'"

Under date of Aug. 21 special advices from Washington to the New York "Times" had the following to say, in part:

"Colonel McCarthy, who assumes direction of the State Department's administration on the eve of its reorganization, has had a rapid ascension in the War Department, where he demonstrated exceptional ability as an organizer and as confidential collaborator of General Marshall and Presidents Roosevelt and Truman. He entered the War Department in 1940 as a First Lieutenant in the office of the Assistant Chief of Staff. Promoted rapidly, he became liaison officer between the White House and the General Staff in 1941, and, attaining the rank of full colonel in 1943, he was made secretary of the War Department's General Staff in January, 1944.

"Colonel McCarthy is now reverting to the Army Reserve Corps on an inactive status and, as a civilian, will assume his duties as Assistant Secretary of State tomorrow."

The resignation of Mr. Grew and the appointment of Mr. Acheson as his successor appeared in our issue of Aug. 23, page 859.

The black market value of the American dollar, which had eased to about $2,400 Chinese from a peak of $3,000, again was approaching the $3,000 mark.

Autonomics and Economics

(Continued from first page)

transition "restrictive policies" with their brood of political and economic injustices are excused as an interim "necessity." The end—the receding not of gold at the end of the rainbow—is used to justify the means—the perpetuity of political expedients.

Yet the politican is the result, not the cause, of this impasse. If he can see only "a compromise between the two (a free and a 'planned' economy), involving intermediate organizations of various types," that is because he is advised by Keynesians, i.e., by economists who attribute our financial ills, not to usury as defined by Father Dempsey (**"forced** saving"), but to "monopoly profits resulting in a reduction of demand and **excessive** savings."* This made-in-Britain economics tells the politician that, "in the words of Professor Hansen, monopolistic organizations and corporations can be made the servants of a well-functioning economic and political society, and not its masters;" this to be done by "amphibious" muddling-through in politics.

Even Hayek, who forcefully rejected this socialistic flair for politics when faced with it on the Chicago Round Table, has failed to suggest the road to freedom—has, indeed, only indicated a different road to serfdom! For as Hansen pointed out in his review of Hayek's book (New Republic, Jan. 5, 1945), he has turned to an advocacy of government stockpiling as a "monetary" measure for pegging prices, which could hardly be called an open market free from government controls! This, be it noted, is precisely the valorization scheme advocated by Boothby (Commercial and Financial Chronicle, p. 2516) who is, however, not so naive as the professor and can be consistent, if not right, in saying plainly that "free competition is largely out of date" and "wasteful." So have the professional straddler and his political proselyte become "amphibious" in operation. They choose "ends," rather than means which will actually "avoid the omnipotence of uncontrolled state domination;" for all is well, they say, if we but "preserve the constitutional checks and balances which are essential in a democratic society"—which, being interpreted, means that constitutionally represented majorities can do no wrong. Yet, when we write a "charter" for the nations, we rely, not on "checks and balances," but on the actual consent (the veto power) of the governed, to prevent autocratic tyrannies! Which, indeed, is the true antidote for omnipotent government? Obviously, neither!

Because of this impasse in economic and political theory, Russian concessions (so-called) in the interest of harmony (so-called) at San Francisco, can have had no meaning beyond the immediate situation in dealing diplomatically (so to speak) with a box of tinder. For no purely political procedure, much less the machinery there evolved, can have any determining significance in the establishment of lasting peace. (Cf "The Financial Situation," Commercial and Financial Chronicle, June 7, 1945.) The lessons of history, being negative and of no value except as they direct attention to the alternative and positive lessons available in science, have taught nothing so surely, by their pragmatic trial-and-error method, as that no system that depends upon leadership, regardless of how such leadership is chosen or made "responsible" to the governed, can assure peace on earth and good will among men. Principles, not personalities, make for understanding and peace; and as to principles we need to look for the beam in our own eye if we hope to be able to point out to Russia the mote that is in hers. The Russian idea that she is reforming human society—that it is her Marxian mission to put us all (except, of course, the bourgeoisie) on the high road to Utopia by eliminating property incomes—is scarcely more naive than our own conceit that, in "our American way of life" based on "private enterprise", we have already attained to a seventh wonder of the world with our "free competition" and its "highest standard of living." "Pride goeth before a fall."

"Beware the Greeks"

The truth about serfdom is that which our modern Soothsayer (Hayek) has pointed out, namely, that we, too, are on the road thereto; and serfdom is not the path to peace—except by coercion. No better example of this deadly drift, in the very face of political democracy, could be adduced to justify Hayek's warning than the Boothby article on cartels in the "Chronicle" (already cited), in which this distinguished M. P. concludes (with prophetic foresight as to election returns) that governments are to be bettered, not by governing less, but by governing more. And with the resort to equivocation so usual in politics, this is pointed out as "conservative" doctrine which so "rationalizes" human society that it is to become "amphibious"—half slave and half free—as a way of checking "the power to exploit 'the common man' "—who seems not yet to have learned to beware the Greeks when bearing gifts!

Much as current "religious" ideas imply the cashiering of objective truth by "spiritual" concepts, and by much the same perverse reasoning based on factual ignorance as in that "Science" which is calling itself "Christian," so does the British ideology of Keynes imply the same dissipation of liberty that Russia has developed and which we are developing under the baneful influence of essentially the same Marxian sophistry. We do not, indeed, have to translate Russian literature in order to understand and criticize her utopian ideology. The seeds of that ideology are right in our midst, within the very doors of our churches as they sermonize us on the notion that it is the "spirit", not the substance, of human social relations that must determine social welfare and the maintenance of peace. Not sanity in law, but honesty in people, is essential, they say; and such "honesty" is, by the equivocations of ecclesiastical metaphysics, translated into a distortion of good sense—a misconstruction of the "golden" rule to mean that if we really want to satisfy our needs—our "greed"—the way to this Garden of Eden is for us all to be our "brother's keeper;" whereupon Providence will intervene, cause and enable the good brethren to return each other's favors, and we have "freedom from want;" **quod erat faciendum.** Cast thy bread upon foreign waters and it will return to thee in terms of a "multiplier;" such is the siren song with which Americans are being this day hypnotized into economic inanition!

In a world of biological competition this naive dependence upon "people of good will" to keep the peace simply penalizes such "good" intentions, with the result, so pointedly indicated by Hayek, that the best people have the road to their own serfdom by letting the worst rise to power, precisely as they did in Germany. It was German mythology, be it noted, that personified this ideology in Santâ Claus, a jolly good fellow now driven from the Fatherland and become a refugee in America with the **nom de guerre** of Uncle Sap. A wolf in sheep's clothing, he is about to be canonized internationally as an anti-perfectionist who artlessly prescribes that intellectual anodyne which says so easily: "It's too deep for me; you see, I didn't take that course in college; and besides, I'm too busy establishing a New World Order to stop for such a dilettante pastime as arguing about abstractions; let George do it." And George, and/or perhaps rather Ivan, will do it—very likely all of it—when it comes to vetoing international use of power in enforcing justice.

Vickers versus Boothby

This predilection for plunging ahead into action morally and mentally **sans-culote**, i.e., "with our pants down," is plainly predicated on the false notion that the lessons of experience, even individual experience, are an adequate guide in a social setting. On this basis Mr. Boothby concludes that "there can be no doubt that the Ruhr magnates were right" in criticizing competition in the British coal mines, and that (quoting "conservative" Lord McGowan): "The only solution is to regulate production and prices and to control competition. . . "

Why, may we ask, has Mr. Boothby come thus to ignore the monetary liberalism of the founder of the Economic Reform Club and Institute and to adopt the opinions of these pseudo-conservatives, or neo-liberals—political "amphibians" is his own, very apt, expression!—who are aping the very magnates of German industry who set Hitler up in the business of proving with power politics that free enterprise and industrial competition is a sin? Vincent Vickers, of the British firm of that name, went through World War I in the same position (as a Director of the Bank of England under Sir Montagu Norman, British collaborator in German interwar finance) as that which Lord Keynes has occupied in this war. But he arrived at very different conclusions. After breaking relations with Governor Norman and the Bank of England, Vickers founded the London Reform Club in which Mr. Boothby is said to be interested. At the time of his death just after the war had begun in Europe in the fall of 1939, he had climaxed the effort of fully ten years of his life devoted to repudiation, not of free, competitive enterprise after the Keynesian manner, but of the British financial system, by writing a short treatise on "Economic Tribulation" in much the same vein as "The Road to Serfdom."

Unlike the Austrian academician, however, Vickers came forward with a specific recommendation for a "fixed and constant internal purchasing power of money" which "can be done by so issuing and regulating the volume of available credit and currency that it shall at all times be adequate to permit of the purchasing power of the consumer being equated with the volume of production. . . Any additional supply of money should be issued as a clear asset to the State; so that money will be spent into existence, and not lent into existence."

This is essentially the same conclusion as that at which Dr. Currie in this country arrived in his Harvard monograph on "The Supply and Control of Money in the United States." Yet Currie's treatise has been as consistently ignored here as Vickers is being ignored by Mr. Boothby. Mr. Vickers was very specific in his repudiation of the conclusions at which Mr. Boothby has arrived as to virtual elimination of free, private enterprise after the manner of the German magnates. I quote from "Economic Tribulation," London edition, 1941, p. 65:

"Strenuous efforts have been made over some 25 years"—those were the very years in which John Maynard Keynes rose to the peerage by such efforts!—"to patch up the money system in an attempt to make it last a little longer; but it has stood, and now stands, in the way of progress and social betterment, thereby creating universal unrest and a tendency to obtain by force what cannot be obtained otherwise. For the sake of our children let us take warning in time. Let us discard the policy of inaction and pretense, and boldly face the fact that it is not the inevitable smoke of the galley stove which assails our nostrils, but that a fire is raging in the hold and that the ship of state is in imminent danger. Our democratic system and our existing financial system can no longer live together; one of them must give way to the other."

Why has Mr. Boothby chosen to give way on the side of serfdom? Why does he fail even to mention "regulating the volume of available credit and currency" by procedure which **does not lend money into existence**, as a possibility? ("Public ownership" of the Bank of England as outlined for the new Socialist regime by Laski, when Parliament was convened is definitely not in line with elimination of lending from monetary expansion.) Why have these vital banking reforms, particularly as carried into "central bank" legislation such as the Federal Reserve Act, proved to be **ignis fatuus**, indeed, little short of a sell-out of reform to privilege? Is it because of some sinister conspiracy among the privileged to prevent the development of sanity in finance? Not in any important sense. Rather is it because of the fallacies that are at the very root of our thinking, so that even those who have seen what is wrong (e.g., the socialists) have been unable to see what is right. Politics has thus been a matter, not of truly liberal institutions, but of kicking out one group of "rascals" after another for running illiberal institutions. A modern liberalism has yet to be formulated.

International Barter

The most specific stumbling block in the path of straight thinking has been in the field of international trade where "cut-throat competition" has "proved disastrous to all," as Mr. Boothby puts it. Here the lessons of experience have had to do with the inherent awkwardness of barter—of lack of a common currency—a situation obfuscated by the illusion that "gold is money, and only gold is money." Inasmuch as the gold-standard tail has signally failed to wag the bank-credit dog and stabilize "world prices", we are told that the whole money-price system ("capitalism") has failed as an automatic operation and must henceforth be subject to "international control over . . . output and the distribution of . . . products" as the only recourse!

The truth is that no functioning money system has ever existed, internationally. There is not now, and never has been, a "world price level." (As to "price level," see "Arithmetic Monsters and Economic Absurdities," by Bassett Jones, in Jour, Acctncy., Mch., 1942.) What we have been attempting is barter by way of gold as an illusory "standard" of value. Naturally, this has met with repetitions of frustation as barter could not fail to do. Domestically, too, these illusions have resulted in a money system so bad—so unworkable that Prof. Sumner Slichter (in "Toward Stability," p. 22) has said it could not be worse!—that there is no possibility of developing national importing policies as a means of payment for exports. For lack of an international medium of exchange that can function mutilaterally, trade may be stymied; but that will afford no politically acceptable reason for full and free imports in the face of unemployment.

(To correct the misunderstanding cultivated by what ex-Secretary Morgenthau called the new religion of Bretton Woods, let it be noted that in his Bretton Woods message to Congress the late President specifically stated that "we are not ready" for an international currency. Most people outside the financial community who have favored this "expert" agreement (?) have not realized that monetary uniformity is not even attempted outside of dependence on gold, which admittedly cannot provide stable exchange between monies; the very "agreement" to establish "stabilization" funds bears witness to this admission. Evidence that such funds will accomplish what gold has failed to attain, is conspicuous by its absence. Circular reasoning is implied; making the functioning of gold dependent on the Fund, and the Fund's functions dependent on gold! Such a duplicity, or multiplicity, of methods affords great play for as many varieties of "experts" in explaining failures and rearranging econostrums for further trial and error, **ad infinitum, ad nauseam.**)

The love-of-money (love-of-gold) reasons why we feel constrained to play the part of Santa Claus and dump "surpluses" on "world markets" have been touched upon in a letter to the "Chronicle" (Sept. 14, 1944, p. 1140) and will not be repeated here. We have digressed into these monetary illusions only to indicate that the problem of price level is a monetary problem which must not be confused with or by the fallacies of value theory from which it arises and with which we are here dealing as a pervasive source of confusion in competitive and cooperative accounting.

Legerdemain versus Ledger Domain

What is set forth here is that "equilibrium" in a price system subject to neutral money and a **pure** interest rate (see "A Theory of Interest," Commercial and Financial Chronicle, Dec. 14, 1944) must be a matter, not of the legerdemain of balancing "demand" with supply, but of the ledger domain of balancing negative against positive numerical valuations, that is, of balancing debits or costs against a system of computable values that do not and cannot, in themselves, automatically depend on or correspond to costs. Even in such a"pure" system (free from monetary distortion), a price will seldom represent both actual cost and actual value. Negative or debit accounts (items) must draw on positive or credit accounts for solvency; they are items that are paid for at a cost-price, that is, they cost more than their value which is, in such a case, not related to their price. On the other hand, those items that can be drawn upon for income and are therefore positive or credit accounts, will be able to and will "write up" costs by being priced at value, that is, often above actual costs to create a price equilibrium.

The problem of the individual is thus to maintain overall solvency in all the accounts he controls, including labor income and those items which dissipate rather than produce and are therefore negatively valuable, that is to say, insolvent. The latter, in a scientifically economic norm—in that reproductive norm which Darwin said must be taken "as the standard of morality" for "the general good or welfare"—will be confined to reproductive conduct. To be sure, if enough positive, that is, profitable, accounts to cover costs can be brought within control, these legitimate dissipations may be and too often are extended to cover a multitude of sins!

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*This same mischevious confusion furnishes the background for David McCord Wright's pro-Keynesian analysis of "The Radical Indictment" of capitalism, in the Harvard Business Review, summer issue, 1945, p. 393-414, in which "forced saving" is wholly elided as a source of instability and a cause of the "barriers" which are set up to "hamstring" capitalism. It is thus made to appear that what is lacking is only the will, not the way, to competitive enterprise as the basis for freedom.

The mathematical problem before us is thus that of understanding the nature of valuation by accounting as related, not to costs, but to sources of income that can be drawn upon to maintain solvency. These resources are "capital" or wealth to those who own them and are able to employ them to an optimum advantage in competition. Under the Darwinian definition, moral standards dictate this competitive optimum. In other words, control of sources of economic (not psychic!) income as property must serve, not primarily the happiness of population, but the production of population—"the rearing of the greatest number of individuals, in full vigor and health." Unless resources are controlled and employed so as to assure their maximum physical productivity as against their immoral dissipation (an immorality that does not depend on intent), this "general good" is not being served and the system is not competitively determined, that is, its capital values are not as great as alternative controls could make them. That this moral optimum is a matter of brain rather than of brawn and correlatively of sense rather than of sentiment, is the thesis of this discussion of valuation in its political and economic connotations.

(Editor's Note: The next installment of Mr. Potter's paper will be given in the "Chronicle" of Thursday, Sept. 6.)

Senate "Full Employment" Hearings; Views of Byrnes, Anderson, Ruml, et al. — Taft Opposed

The Senate Banking Committee on Aug. 21 opened hearings on the so-called "full employment" bill, legislation through which the Government would seek to guarantee jobs for all. The measure is said to have President Truman's full support, the Associated Press stated, in reporting on the opening session from Washington.

Sponsors of the bill wish it carried through speedily, contending that it is the responsibility of the Federal Government to see that there are jobs enough for all who need them. The legislation would provide, according to the Associated Press, for an annual budget of projected expenditures by private business and Government subdivisions, together with an estimate of the number of jobs those expenditures would provide. The bill's authors want Congress to make up any indicated work deficit through public works and other means.

Senator Robert F. Wagner (D.-N. Y.), one of the proponents of the measure, and Chairman of the Banking Committee, said, after a visit to President Truman: "The President is very strong for it and will give us every assistance he can for enactment."

Indorsement of the bill as a "conservative measure" was registered by Henry A. Wallace, Secretary of Commerce, at the Committee's hearing on Aug. 28, at which time, according to Samuel W. Bell, Washington correspondent of the New York "Herald Tribune," Ira Mosher, President of the National Association of Manufacturers, called the legislation "unworkable." In his report from Washington Mr. Bell also said:

William Green, President of the American Federation of Labor, and John L. Lewis, President of the United Mine Workers, also appearing before the Committee, shook hands for the cameras and agreed in their testimony that the bill as now written should be changed substantially.

Both warned the committee that hours of work will have to be reduced in the post-war period because of technological advances. Neither seemed impressed with Secretary Wallace's idea that there should be 60,000,000 jobs to create post-war prosperity.

Members of the committee, highly favorable to the bill, including Senator James E. Murray, Democrat, of Montana, and Scott Lucas, Democrat, of Illinois, took sharp issue with the testimony of William L. Kleitz, vice-president of the Guaranty Trust Company, of New York, when he said the government should not assume responsibility for full employment. He contended that the implementation of such a policy would "inevitably lead to the exercise of power which would eventually destroy the private enterprise system."

In the face of the questioning of committee members, Mr. Kleitz continued to warn: "My comment on this bill in its present form is that it will be generally regarded as containing a guaranty of continuing full employment—useful, remunerative, regular, full-time employment. The Congress and the Administration will be expected to make good that guaranty and will find themselves under tremendous pressure to make it good at any cost."

The first witness at the opening session of the hearings was General Omar Bradley, newly appointed Veterans' Administrator, who declined to express either approval or disapproval of the bill. "Even if it were appropriate to do so," he said to the Committee, the Associated Press advices of Aug. 21 said, "I do not feel qualified to state whether the bill would accomplish the purpose for which it is intended or whether, from the political and economic aspect, it would be desirable." And he added, "Nor am I advised as to whether it accords with the financial program of the President."

This last remark appeared to cause some surprise among spectators in the hearing room, as it is generally conceded that the President has indorsed the principle of the bill and has put the subject on the White House "must list" for action after Congress reconvenes in the fall, the Associated Press stated.

Chairman Wagner said, however, that he was not disappointed with Gen. Bradley's remarks, adding that the General "only concerned himself with the part that affects the Veterans Administration."

General Bradley predicted, it is learned from the Associated Press, that many veterans are not going to be content with the jobs they held before they entered service. He said his organization stood ready to help them to do better, particularly through educational opportunities.

The main thing the veterans will want, he said, is useful employment and a chance to re-establish themselves in civilian life.

Omar Ketchum, legislative representative of the Veterans of Foreign Wars, another witness at the opening session, echoed General Bradley's views, saying that while the VFW has not taken a stand on the bill, the veterans' problem would be largely solved if the nation is able to offer full employment.

"If we do not have full employment," he testified, "they are going to be penalized in employment opportunities unless existing employment rules are changed. The rapid growth and expansion of organized labor in recent years has thrown a wall of contract and seniority protection around millions of jobs."

He suggested the answer would be to give veterans statutory seniority equal to the length of their military or naval service.

Millard W. Rice, National Service Director of the Disabled American Veterans, told the Senators that the DAV wanted preference for disabled veterans in getting public and private jobs, and also declared that totally disabled servicemen ought to be granted greater monetary benefits.

Charles G. Bolte, Chairman of the American Veterans Committee, made up of men who served in World War II, called the bill "the most sensible proposal in sight" to combat unemployment, although he said the measure in itself could not cure joblessness.

Secretary of State James F. Byrnes, in a statement read for him by Dr. Willard C. Thorp, gave a strong expression of accord with the "general principles" of the bill. Said Mr. Byrnes, according to the Associated Press, "It would provide mechanism through which the nation's plans for the maintenance of employment would be developed. Its enactment would demonstrate to the other nations of the world, in a dramatic way, that this country is determined to prevent depression and to eliminate mass unemployment."

Other excerpts from Mr. Byrnes' statement are, as quoted by the Associated Press:

The prodigious accomplishment of our farms and our factories during the war has made it abundantly clear that this country has emerged as the greatest single factor in the economy of the world. With but a small fraction of the world's population, we possess half of its industrial capacity. With only a small share of our output entering into international trade, we were, even before the war, the greatest exporting nation and the second largest importer.

The victory we have won is in large measure attributable to the magnificent performance of the American economy at war. In the the years ahead, the performance of the American economy will determine, in equally large measuse, whether we shall win the peace.

If our economic life is to be marked by industrial instability and mass unemployment, we shall almost certainly involve others in our distress. Depressions move easily across our boundaries. If our factories should fall idle, countries that had been producing or our market would suffer a sudden contraction of demand. If we should suddenly cease our foreign lending, countries that had been buying from us would suffer a sudden shortage of exchange. Their trade would fall off and their employment would decline.

The fear that is felt today, in many foreign capitals, is not that America will misuse its vast economic powers, but that we may fail to use them to the full. If this fear is realized, the prestige and the influence that we have earned in every part of the world will be thrown into jeopardy and the success of our proposals for world reconstruction will be imperiled.

Nations will not long adhere to liberal trading principles if they feel their own stability is threatened by the persistence of depressions which may originate outside their borders. On the contrary, they will raise new barriers to trade in an effort to insulate themselves against a troubled world. There will be a renewal of competition in restriction; trade, instead of expanding, will contract. In such an atmosphere, the will for international cooperation on other fronts may be lost. This is the danger that must be averted if our hopes for peace and plenty are not to fail.

The United Nations have pledged themselves, in the charter of the United Nations organization, to take "joint and separate action, in cooperation with the organization, to achieve the economic and social purposes of the United Nations, including high standards of living, full employment, and conditions of economic and social progress and development." The Senate of the United States has ratified this charter. It has subscribed to this pledge.

A domestic program for the maintenance of employment is an essential part of the pattern of international collaboration in the pursuit of peace and prosperity.

In indicating the opposition to the bill of Senator Taft, Edward Nellor, reporting to the New York "Sun" from its Washington bureau on Aug. 23 said:

Senator Taft (R., O.), a member of the committee, has expressed opposition to the bill on the grounds that it is not an emergency measure. He has pointed out that the bill could not become operational for at least a year, assuming it became law at once.

Senator Taft has based his criticism also on the assumption that business can handle the employment problem of American jobseekers once the present unsettled industrial conditions have passed. He has urged that complete freedom be restored to business at once. Others, including the Committee for Economic Development, composed of leading financial and business leaders in the nation, have pointed out that the demands for consumer goods will require full employment for at least three years.

During the hearings Beardsley Ruml, original advocate of the "pay-as-you-go" tax legislation, proposed on Aug. 24 to the Committee a 5-point supplement to the so-called "Full Employment Bill," including a budget-balancing tax program.

Mr. Ruml and Tom Clark, Attorney General, voiced approval of the job bill's objectives. Mr. Ruml, Chairman of the New York Federal Reserve Bank, and Treasurer of R. H. Macy & Co., Inc., laid before the Senators these proposals, said the Associated Press, for legislation to strengthen the full employment objectives:

1. Reform of social security financing that "will take the deflation out of social security."
2. "We should have a regular Federal policy and program in public works and conservation that will tend to stabilize the construction industry at an appropriate level."
3. "We should work out our Federal tax program so that rates will be set to balance the budget at high employment."
4. Federal lending activities at home and abroad should be associated harmoniously in Federal fiscal policy.
5. A policy and program should be adopted directed toward maintaining a prosperous agriculture.

The same advices said:

In answer to a question from Senator Murray (Dem., Mont.), one of the bill's sponsors, Mr. Clark said he found nothing in the proposed measure that would regiment private enterprise or State and local governments. On the contrary, he said, he was glad to find that the measure leaves primary responsibility for the program to private enterprise and makes proper place for State and local governments.

The Attorney General told the committee that enforcement of anti-trust laws was closely related to the bill's program.

James P. Warburg of New York, was also heard by the Committee on Aug. 24, and in special Washington advices to the New York "Times" Frederick R. Barkley said:

Mr. Warburg urged the bill's passage so that this country would not "find itself with its economic trousers down around its ankles," as he said it had been found militarily when the Japanese attacked Pearl Harbor. He supported the thesis of Mr. Ruml that other legislation similar to that which the New York merchandiser suggested was needed in support of the measure.

On Aug. 23, Secretary of Agriculture Clinton P. Anderson, declared that full industrial and business employment in the post-war period is essential if another agricultural depression is to be averted. The Secretary made the statement in endorsing the proposed Full Employment Act before the Senate Banking and Currency Committee. In part the Associated Press stated:

"The farmers of this country," he said, "have a vital interest in the maintenance of full employment. Our agricultural industry is now geared to produce 30% to 35% more than before the war.

"When we get through the reconversion period of the next 18 to 20 months, one of the major problems facing this country will be that of providing adequate market outlets for the increased volume of agricultural production."

Philip Murray, President of the CIO, urging on Aug. 22 speedy passage of legislation under which the Government would seek to guarantee jobs for all, declared today the stage is set for "another bigger, deeper depression which could lead into another war."

He told the Senate Banking Sub-Committee that enactment of the Wagner-Murray "full employment" bill and 10 other pieces of legislation is long overdue. Failure to pass them, he declared, "will bring stronger questions from the people." One of those questions, he said, involves continued operation of $15,000,000,000 worth of war plants and machinery owned by the Government. From the Associated Press we also quote:

"If private enterprise fails to give workers jobs at good wages, turning out things we all need, the people will recognize the failure of private capitalism and vigorously call for Government operation," he asserted.

"I am telling you this because of the pressure that is already generating from the people," the labor leader continued.

"If the Congress fails to do now what I have pointed out as necessary—including the passage of this bill—a great deal more than this program will be necessary a year from now."

Lindsay Crawford Dies; Sec. of Foreign Trade

Lindsay Crawford, Secretary of the National Foreign Trade Council since 1933, and Secretary of the Council's National Foreign Trade Conventions since that year, died suddenly on June 3 in New York City at the age of 76. Mr. Crawford was born in County Down, Ireland. Prior to his association with the Council in 1933, his career had been devoted to journalism. He served as editor of the Ulster Guardian, Belfast, Ireland, before leaving that country for Canada. He became chief editorial writer of the Toronto Globe, serving in that capacity for approximately ten years. He was also editor and publisher of The Statesman, Toronto. In 1923 he left Canada for New York, having been appointed first Trade Commissioner in the United States of the newly formed Irish Free State Government. While holding the last named office, Mr. Crawford addressed a number of the National Foreign Trade Conventions.

During his career he wrote extensively on all phases of international commercial relationships. He was well known in foreign trade circles, and offered various contributions which are said to have aided in the solution of international economic problems.

Among other offices which Mr. Crawford held were those of Secretary of the Joint Committee for Foreign Trade Action, and of Secretary of the New York Foreign Trade Week Committee. He was a member of India House.

The State of Trade

(Continued from page 962)

The Canadian steel industry is going through much the same production pattern as American mills. Cancelling of war orders will have little or no effect on Canadian steel mill bookings, since civilian demand will absorb all the slack which may develop through the loss of war business.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 74.5% of capacity for the week beginning August 27, compared with 69.9% one week ago. This week's operating rate represents an increase of 6.6% from last week's rate and is equivalent to 1,364,600 net tons of steel ingots and castings, compared to 1,280,300 net tons last week and 1,739,300 tons one year ago. A month ago the industry was at 90.8% of capacity and 96.7% one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Aug. 18, 1945, totaled 652,832 cars, the Association of American Railroads announced. This was a decrease of 217,175 cars, or 25.0% below the preceding week this year, due to V-J Day holidays, and 233,791 cars, or 26.4% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 238,508 cars, or 26.8% is shown.

Electric Production—The Edison Electric Institute reports that the output of electricity decreased to approximately 3,939,195,000 kwh. in the week ended Aug. 18, 1945, from 4,395,337,000 kwh. in the preceding week. Output for the week ended Aug. 18, 1945, was 11.5% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 149,500,000 kwh. in the week ended Aug. 19, 1945, comparing with 171,000,000 kwh. for the corresponding week of 1944, or a decrease of 12.5%.

Local distribution of electricity amounted to 145,700,000 kwh., compared with 159,700,000 kwh. for the corresponding week of last year, a decrease of 8.7%.

Paper and Paperboard Production—Paper production in the United States for the week ending Aug. 18 was at 67.8% of mill capacity, against 93% in the preceding week and 90.4% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 67%, compared with 94% in the preceding week, and 95% in the like 1944 week.

June Hardware Wholesaler Sales Declined 3%—Sales of wholesale hardware distributors in the United States showed an average dollar volume decline of 3% in June of this year as compared with the same month last year, "Hardware Age" currently reports in its every-other-Thursday market summary. Cumulative sales for the first six months of 1945 showed a 4% gain over those for the first half of last year. Inventories of reporting hardware wholesalers, June 30, were 2% under those for the same month last year, but 1% over inventories as of May 31, 1945.

Total accounts receivable for June, 1945, were 3% under those in the same month of 1944. Collection percentages on accounts receivable were greater in June of this year than in 1944, and slightly under those for May, 1945.

Business Failures Rise in Week—After last week's record low, commercial and industrial failures turned up in the week ending Aug. 23, reports Dun & Bradstreet, Inc. Sixteen concerns failed, over three times the five occurring in the previous week but lower than in the comparable week of 1944 when there were 22.

Large failures involving liabilities of $5,000 or more were twice as numerous as small failures in the week just ended. Concerns failing with large liabilities rose from 3 a week ago to 11 and were only one failure short of the 12 in the same week of last year. On the other hand, there was only one small failure this week for every two in the comparable week a year ago.

Manufacturing failures, four times as heavy as in the previous week, accounted for one-half the week's failures and came close to the number in the same week of 1944. Five of the 8 failures in manufacturing occurred in machine shops. Concerns failing in construction were higher than in last week and accounted for one-fourth the week's failures. In other trades and industries failures continued to be negligible.

One Canadian failure occurred, the same as in the previous week, while there were 5 in the corresponding week of 1944.

Wholesale Commodity Price Index—The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., dropped off rather sharply following the two-day holiday in celebration of the Japanese collapse. On Saturday (Aug. 18) the index stood at 173.71, the lowest point since last December. The index closed at 174.54 on Aug. 21, as compared with 175.22 on Aug. 14, and with 172.00 a year earlier.

Grain markets were weak with the liquidation for rye continuing to set the pace for other grains, except wheat, which remained fairly steady. Trading in futures dropped off sharply. Under heavy liquidation, rye values were weak with the disclosure of stoploss orders, though the downward trend was not as apparent in wheat; cash grain buying by the Commodity Credit Corporation helped to reduce the impact of hedge selling.

Corn prices were off slightly, with receipts of old corn large. Conditions of the corn crop improved. Oats tended downward. Demand for choice grades of steers was active and prices generally firm, while activity in medium and common grades was dull. Hogs held at ceiling levels; receipts were low because of the slaughter holiday and were readily disposed of upon arrival.

Cotton prices on Monday of last week fluctuated more than at any time since before the war, thus tending away from the narrow range which formerly prevailed in the markets for many weeks.

In the Boston wool market business was virtually at a standstill in domestic grades. Trading in foreign wools was spotty and demand mostly for spot or nearby delivery. After the two-day holiday, no new orders were taken. A modified program under M-328B, to become effective Oct. 1, was issued to supersede the M-388 controls on the manufacture of low-price civilian wool goods. In the wool goods trade cancellations of woolen and worsted items were proceeding in an orderly fashion.

Wholesale Food Price Index Off—The wholesale food price index, compiled by Dun & Bradstreet, Inc., declined 1 cent to $4.08 during the week ended Aug. 21. While equalling the 1945 low touched on May 15, the current figure is 2.3% above the 1944 comparison of $3.99. Eggs advanced during the week, while rye, potatoes, sheep, and lambs declined. The index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Immediately following the holiday last week, retail volume experienced a sharp increase, according to Dun & Bradstreet, Inc.; trading settled down to slightly better than last year in the remainder of the week. Food volume though moderately higher than in the previous short week, was slightly above last year. Retailers handling gasoline and canned goods were reported swamped by consumers eager to purchase these formerly rationed items. Sales of shoes rose, especially those in the lower priced brackets which were declared ration-free.

Coat and suit transactions predominated in apparel lines this week. Yard goods and pattern departments reported that woolens for dresses and coat and suit patterns were going exceptionally well. Summer clearances continued to interest consumers, but fall merchandise appeared more often; purchases of back-to-school clothes overshadowed all other types. Fur volume remained high; promotional activities concentrated on cheaper furs but expensive types moved well. Women's shoes continued selling in substantial volume. Trading in men's clothing was active, especially working apparel.

Dollar volume of furniture increased moderately over the preceding week, with stocks spotty in maple and dining room furniture. Purchases of summer lawn furniture persisted and were still large. Sales of home furnishings rose, with bedding department business strong. Houseware utensil sales were moderate and present inventories continue small.

Most food increased in supply last week with sugar the notable exception. A larger quantity of meat found its way to the consumer; beef accounted for most of the increase with lamb and veal supplies slightly improved; pork remained scarce. Sea food became more plentiful and enjoyed a good demand.

Retail volume for the country was estimated 5 to 9% over a year ago. Regional percentage increases were: New England 0 to 3, East 7 to 10, Middle West 4 to 8, Northwest 8 to 11, Southwest 5 to 9, Pacific Coast and South 2 to 5.

Wholesale volume during the past week remained about even with the previous week and year. Trading was more cautious and a selective policy prevailed. Inventories were carefully checked by retailers before placing orders or cancelling old orders. Buyers gave evidence of being ready to wait for exactly the kind of merchandise they wanted and accepted no substitutes.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 18, 1945, decreased by 20% and compared with a gain of 19% in the preceding week. For the four weeks ended Aug. 18, 1945, sales increased by 9%, and for the year to date by 12%.

Activity marked retail trade here in New York last week with many consumers made somewhat wary by the sudden termination of the war, reserving purchases on their former scale. Some delayed buying induced by the false hope that luxury taxes on such items as furs would be immediately lifted, put in an appearance. Wholesale markets continued to operate with no basic changes noted in conditions. Prospects, however, grew brighter for increased fabric and garment supplies within the next three months. Reports indicate that many durable goods items will be available for the Christmas trade. A substantial increase in wholesale and retail food sales was noted as a result of the removal of canned goods from rationing and larger supplies of butter.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Aug. 18, 1945, decreased by 24% below the same period of last year. This compared with a gain of 26% in the preceding week. For the four weeks ended Aug. 18, 1945, sales rose by 16% and for the year to date by 14%.

World Censorship Rules Relaxing

Censorship rules prevailing throughout the world leave the United States as the only major power that has entirely lifted restrictions on press and radio, but the same is true of at least 13 other nations, and in about ten others censorship is expected soon to be abolished, the Associated Press disclosed in a world survey announced from London, Aug. 18, which reported:

British censorship—and this dispatch was censored—is expected to be removed within a fortnight. It is being maintained, officials explain, while the Japanese surrender and occupation is consummated. Determination of the exact date it is to cease depends on developments in the Orient. Outgoing dispatches are censored while the home press is under a voluntary agreement to submit articles involving military security. Plans are being made to guard military secrets after censorship is terminated.

France is also laying plans to follow suit, the report continues, and China is considering a relaxation of rules after a transition period from war to peace. There are no indications of any alteration in Soviet censorship, or in that of Finland, Rumania, Bulgaria, Hungary and Turkey.

The survey points out that the United States, Canada, Australia, Sweden, Switzerland, Norway, Denmark, the Netherlands, Belgium, Colombia, Peru, Uruguay, Panama and Brazil permit news to flow freely into and out of the countries and exercise no censorship on papers domestically. Switzerland, however, recently asked photographers to submit pictures taken of a Russian delegation in Berne repatriating Russian internees. It is added:

Spain, Portugal and Argentina permit correspondents to send their dispatches abroad without restrictions. The Argentine local press is free, but the radio is strictly controlled. Spain and Portugal keep their home press under the strictest censorship control.

Bolivian censorship officially has been declared non-existent, but actually the press is controlled by political pressures and other means.

Others around the globe:

CHILE—Censorship of outgoing press dispatches continues, but it is reported authoritatively this is likely to be lifted shortly.

PARAGUAY—Officials say the press is free, but Government pressures exert control.

MEXICO—Censorship continues, but has affected press associations little in the last year. Outgoing communications are watched for espionage and also anything untruthfully derogatory to Mexico.

VENEZUELA—Censorship machinery is retained, but actually no dispatch has been stopped in many months.

ITALY—Allied censorship has been limited to secret devices and intelligence methods and it appears certain it will be abolished altogether soon.

INDIA—No indication when military and internal censorship will end.

EGYPT—No decisions on lifting civil censorship. Military censorship is expected to be abolished shortly.

UNION OF SOUTH AFRICA—A skeleton staff is maintained in censorship office, but this is likely to end shortly.

GREECE, YUGOSLAVIA and CZECHSLOVAKIA—No indication of censorship trend.

GERMANY, AUSTRIA—Allied military censorship is imposed on outgoing dispatches along principles of security and maintenance of military secrets. The press gets news from Allied sources.

The ending of press censorships was referred to in these columns Aug. 23, page 871.

Truman Said to Have Assured Governors of Early Return of Employment Services to States

Seven Governors who conferred with President Truman on Aug. 16 stated that he agreed to early return of the employment services to State control. Reporting this, Associated Press accounts from Washington on that date, said:

The delegation, headed by Governor Edward Martin of Pennsylvania, said the President asked them to submit a memorandum on the time and the methods by which State direction of the U. S.-State employment services would be resumed. Mr. Truman was quoted as saying action would be forthcoming in a few days.

The press advices went on to say:

The Federal Government took over employment services, through the U. S. Employment Service, as a wartime measure, in January, 1942.

Return of control to the States was proposed by the annual Governors' Conference at Mackinac Island July 4.

The seven Governors, acting as a committee from the Governors' Conference, also discussed reconversion problems with the President, Gov. Martin said.

He stated the President agreed with them that reconversion presents one of the greatest difficulties the nation ever has faced. The President and the State Executives agreed that while a very large percentage of peacetime employment must be provided by private industry, the U. S., State and local Governments will cooperate to attempt to keep employment at a high level, Mr. Martin added.

"We pledged the same sort of cooperation and support in reconversion as we pledged in the war period and President Truman said he was going to use us a lot," Gov. Martin said.

Governor Robert Kerr of Oklahoma said: "If we have any dissatisfaction, it's because the President called on us for too much instead of too little."

Wickard Approved; Clark Ratified

The nomination of retiring Secretary of Agriculture Claude Wickard as Rural Electrification Administrator was approved by the Senate on June 21 by a vote of 56 to 6 after approval by the Senate Agricultural Committee by a vote of nearly 2 to 1 on June 14. Mr. Wickard was sworn in as REA head on July 2.

On June 14 the Senate confirmed Tom C. Clark, of Texas, to be Attorney General, succeeding Francis Biddle, effective June 30. Mr. Clark has been serving as an Assistant Attorney General under Mr. Biddle. His confirmation was by voice vote.

The nomination of Paul M. Herzog, of New York, to the National Labor Relations Board was approved unanimously by the Senate Committee on Education and Labor. Mr. Herzog was appointed for a term expiring in 1950, to succeed the chairman, Harry A. Millis, resigned.

Electric Output for Week Ended Aug. 25, 1945 6.8% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of elecricity by the electric light and power industry of the United States for the week ended Aug. 25, 1945, was approximately 4,116,049,000 kwh., which compares with 4,418,298,000 kwh. in the corresponding week a year ago and 3,939,195,000 kwh. in the week ended Aug. 18, 1945. The output of the week ended Aug. 25, 1945, was 6.8% below that for the same week last year which reflected the sharp cutbacks in industrial contracts because of the end of the war with Japan, some electric concerns operating in highly industrialized areas losing nearly one-third of their wartime load.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

Major Geographical Divisions—	Week Ended— Aug. 25	Aug. 18	Aug. 11	Aug. 4
New England	6.5	19.3	2.6	2.1
Middle Atlantic	3.2	12.5	*1.7	*1.6
Central Industrial	13.7	18.8	4.6	2.4
West Central	3.7	6.0	*0.8	*5.4
Southern States	1.1	1.6	*6.2	*6.9
Rocky Mountain	7.0	11.7	3.9	0.9
Pacific Coast	6.1	8.9	2.1	2.2
Total United States	6.8	11.5	0.5	*0.7

*Increase over similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,428
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,075
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,728
Aug. 4	4,432,304	4,399,433	+ 0.7	4,240,638	1,415,122	1,729,667
Aug. 11	4,395,337	4,415,368	— 0.5	4,287,827	1,431,910	1,733,110
Aug. 18	3,939,195	4,451,076	—11.5	4,264,824	1,436,440	1,750,056
Aug. 25	4,116,049	4,418,298	— 6.8	4,322,195	1,464,700	1,761,594
Sep. 1		4,414,735		4,350,511	1,423,977	1,674,588

July Construction 8% Above Year Ago

Increased activity in civil engineering construction in the past two months compared with that for the corresponding months in 1944 has brought the 1945 seven-month construction volume to $1,047,139,000, within 0.3% of that reported for the same period last year by "Engineering News-Record." The current month's total, $170,984,000, tops the July 1944 total by 8% and follows the 51% increase recorded for June 1945 over the June 1944 figure. The report made public on Aug. 9 added in part:

The July construction total, though above last year, is 10% below the preceding month's volume. Private construction decreases 36% from a month ago, but public work is up 3% as a result of the 14% climb in state and municipal volume. Federal volume is down 1% from June 1945.

Both private and public work gain over their respective July 1944 totals, private climbing 9% and public 7%. The 64% rise in state and municipal volume offsets the 8% decline in federal work and is responsible for the public gain over a year ago.

Civil engineering construction volumes for the current month, last month and the 1944 month are:

	July, 1945* (four weeks)	June, 1945 (four weeks)	July, 1944 (four weeks)
Total U. S. Construction	$170,984,000	$190,614,000	$158,561,000
Private Construction	41,794,000	65,714,000	38,293,000
Public Construction	129,190,000	124,900,000	120,268,000
State & Municipal	41,624,000	36,583,000	25,460,000
Federal	87,566,000	88,317,000	94,808,000

*Current month's statistics.

The July construction volume brings the 1945 total to $1,047,139,000, a figure 0.3% below the $1,050,391,000 for the seven month period in 1944. Private construction, $298,649,000, is 25% higher than a year ago, but public construction, $748,490,000, is 8% lower. The 15% decrease in federal volume—from $675,721,000 last year to $574,872,000 for 1945—is the factor behind the lower public total, as state and municipal construction, $173,618,000, is 29% above the seven-month 1944 total.

New Capital

New capital for construction purposes for July totals $945,949,000, a volume 15% under the $1,111,014,000 reported in July 1944. The month's new financing is made up of $39,896,000 in state and municipal bond sales, $10,738,000 in corporate security issues, $2,000,000 in RFC loans for industrial construction, $60,000,000 in REA loans for rural electrification, $79,000,000 in federal-aid highway construction, and $754,315,000 in federal appropriations for military and departmental construction.

New construction financing for 1945 to date totals $1,485,700,000, a volume 4% below the $1,554,291,000 for the seven-month period a year ago. Of the 1945 total, $316,775,000 is in private investment, 110% above last year; $163,600,000 is in federal funds for non-federal construction, 17% above last year; and $1,005,325,000 in federal funds for federal construction, 20% below the seven-month 1944 total.

Steel Operations Increased—Clearing Books Of All Business Cancelled Soon Completed

"The mechanics of handling the avalanche of cancellations which descended upon the steel industry in the past few weeks are being completed this week," states "The Iron Age" in its issue of today (Aug. 30), which further adds in part: "Within a week it is expected that those steel mills which have had to cut steel output in order to clear up order difficulty will be operating at a higher level.

"Order cancellation volume this past week has approached pre-V-J Day levels. Most steel companies have completed the task of clearing order books of all business which has been canceled, and have prepared new schedules which this week will go into effect on finishing mills. While there will be additional cancellations from time to time, the greatest part of this segment of reconversion in the steel industry has been completed.

"Some steel companies found it necessary to reduce the output of steel ingots because their ingot capacity was balanced with their finishing mill facilities. In view of a severe drop and in some cases a wiping out of steel plate backlogs as well as a reduction in unfilled structural orders, some of the larger steel firms were forced to cut back steel ingot output last week to a greater extent than other companies. This, however, is a temporary situation until steel mill schedules reflecting a good product mix have been established.

"Contrary to some reports in the industry large quantities of steel for non-rated orders will not be immediately available, although the outlook for October indicates an easier situation. The Controlled Materials Plan will not be scrapped until Sept. 30. Hence, much rated business now on the books for delivery before that time will be shipped. Furthermore, a good order volume this past week indicated a fair amount of rated business which will continue in that category because of the substitution of a new limited priority system at the end of September.

"One factor which for the time being at least may prevent some of the larger companies from shipping a much greater volume of nonrated business soon is their obligation to ship small nonintegrated steel mills a stipulated tonnage of semi-finished steel under WPB orders each month. This type of order is known as 'further conversion,' and during the war was for the purpose of making sure that smaller companies manufacturing finished steel products from semi-finished material would have adequate supplies. This practice took a substantial tonnage from some of the larger mills and unless the prewar status of this type of business is re-established, some large units may have difficulty in regaining their normal sales pattern. Part of this system, however, may be retained by Washington for awhile and labeled as an aid to 'small business.'

"Despite the flood of cancellations recently there appears to be little hope for large-scale deliveries of cold rolled sheets much before the fourth quarter, although some small shipments are being made. Sheet demand for the fourth quarter appears to be well in excess of capacity and producers are working allotment systems of their own to spread available tonnage among customers. This action will tend to return purchasing relationships to a prewar basis and to eliminate dislocated buying brought on by the war.

"Steel makers pointed out this week that several products were virtually untouched by cancellations. These included rails, track accessories, concrete bars, tin mill products, skelp and some stainless steel. Alloy steels were hard hit by cancellations with the result that electric furnaces are operating far below rated capacity.

"Wire producers have disposed of cancellations and they are operating on a normal basis. A heavy increase in purchases by railroads and public utilities is anticipated. The substantial rural electrification program is expected to require heavy wire tonnages for three to five years and road construction is expected to involve a large tonnage of reinforcing mesh."

The American Iron and Steel Institute on Aug. 27 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 74.5% of capacity for the week beginning Aug. 27, 1945, compared with 69.9% one week ago, 90.8% one month ago and 96.7% one year ago. The operating rate for the week beginning Aug. 27 is equivalent to 1,364,600 tons of steel ingots and castings, compared with 1,280,300 tons one week ago, 1,663,100 tons one month ago, and 1,739,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 27 stated in part as follows:

"Steel mills are gradually working out from the avalanche of war-end cancellations. Another week or ten days may see most producers in a position where they can set up schedules fairly accurately and know what they can expect with regard to further cancellations and ability of leading customers to take in tonnage already ordered for peacetime operation. By that time, and possibly before, they should be better able to appraise the outlook with respect to the relatively few production and inventory controls remaining.

"Most cancellations are over and have been so heavy and the paper work so involved that many steel finishing departments have been forced to suspend until they could reach some degree of order. As a result there has been considerable delay in shipments scheduled currently, to say nothing of scheduling of new orders. However, the past few days have witnessed resumption of work in a number of such departments. Some operations, however, have not been severely affected, notably in some plate mills. While there have been many cancellations, with probably more to follow, most came before the end of the war. As a result plate producers have been in better position than many to absorb the shock of recent curtailments. Some shape mills are in about the same position, though others have been hit hard.

"Many cancellations are yet to come, involving substantial tonnages, reflected in the fact that late last week a number of mills had received relatively few from subcontractors. In an effort to expedite necessary cancellations as rapidly as possible and thus know where they stand some mills have asked branch offices to canvass customers with war work, to see if the steel can be wiped off books.

"While cancellations have far overbalanced new orders, demand has been expanding, some producers of diversified products believing that within another fortnight new business will exceed cancellations.

"The industry believes that the speed with which Washington has been releasing wartime restrictions will result in an early rebound in steel operations. Some leaders look for 80% of capacity by early October and for still higher operations before the end of the year. A peak of 90% within a few months is considered probable, assuming no undue labor disturbances."

No-Strike Pledge Revoked by 2 CIO Unions

Two Congress of Industrial Organizations affiliates have announced revocation of the wartime no-strike pledge and demands for an increased wage scale, both the United Packing Workers of America and the United Farm Equipment & Metal Workers, according to Associated Press advices from Chicago, August 21.

After a four-day session of the U.P.W.A.'s international executive board, announcement was made that an immediate 17½ cents an hour wage increase for all members would be campaigned for. The U.F.E. & M.W. want an immediate wage increase of 30%.

More Freight Cars & Less Locomotives on Order

The Class I railroads on Aug. 1, 1945, had 33,050 new freight cars on order, the Association of American Railroads announced on Aug. 24. This included 5,754 hopper, 4,362 gondolas, 979 flat, 18,464 plain box, 2,446 automobile, 995 refrigerator, and 50 miscellaneous cars. New freight cars on order on July 1, 1945 totaled 29,402 and on Aug. 1, 1944 amounted to 37,985.

They also had 496 locomotives on order on Aug. 1, this year, which included 109 steam, two electric, and 385 Diesel locomotives. The total on Aug. 1, 1944 was 608 locomotives, which included 172 steam, two electric, and 434 Diesel one year ago.

The Class I railroads put 24,939 freight cars in service in the first seven months this year which included 7,460 hopper, 4,224 gondola, 383 flat, 239 stock, 1.600 refrigerator, 1,131 automobile box and 9,815 plain box freight cars, and 87 miscellaneous cars. Total placed in service in the first seven months of 1944 was 18,774.

They also put 367 new locomotives in service in the first seven months of which 56 were steam, and 311 were Diesel. New locomotives installed in the same period last year totaled 579, which included 211 steam, one electric, and 367 Diesel.

OWI Bureaus Merged

The foreign and domestic news bureaus of the Office of War Information have been merged, and the general functions of the foreign bureau, of processing and distributing news based on foreign radio broadcasts, etc., and making it available to American press associations, newspapers and radio networks, will be continued under the domestic bureau. Under the domestic news bureau a different staff, for the most part, will be handling the job, the United Press reported in its Washington dispatch of Aug. 21, and continued:

The foreign news bureau has been under the direction of Matthew Gordon, who is leaving the OWI. The bureau has been the sole distributing agent to the press for all monitoring of foreign radio stations done by the Federal Communications Commission. It maintained a 24-hour service, seven days a week, to the American press, and assisted in covering the big stories of the war, ranging from the landings in North Africa to the Japanese surrender.

Results of Treasury Bill Offering

The Secretary of the Treasury announced on Aug. 27 that the tenders of $1,300,000,000 or thereabouts of 91-day Treasury bills to be dated Aug. 30 and to mature Nov. 29, 1945, which were offered on Aug. 24, were opened at the Federal Reserve Bank on Aug. 27.

The details of this issue are as follows:

Total applied for, $1,986,070,000.

Total accepted, $1,309,041,000 (includes $52,602,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(62% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 30 in the amount of $1,314,409,000.

Daily Average Crude Oil Production for Week Ended Aug. 18, 1945 Shows Slight Decline

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 18, 1945 was 4,933,850 barrels, or 200 barrels per day lower than that for the previous week. It was, however, 258,750 barrels per day in excess of the output in the corresponding week of 1944 and exceeded the daily average figure as recommended by the Petroleum Administration for War for the month of August, 1945, by 32,950 barrels. Daily production for the four weeks ended Aug. 18, 1945, averaged 4,930,000 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 5,140,000 barrels of crude oil daily and produced 15,890,000 barrels of gasoline; 1,627,000 barrels of kerosine; 5,344,000 barrels of distillate fuel, and 9,934,000 barrels of residual fuel oil during the week ended Aug. 18, 1945; and had in storage at the end of that week 46,691,000 barrels of civilian grade gasoline; 39,294,000 barrels of military and other gasoline; 12,046,000 barrels of kerosine; 38,675,000 barrels of distillate fuel, and 44,845,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables Begin. Aug. 1	Actual Production Week Ended Aug. 18, 1945	Actual Production Change from Previous Week	4 Weeks Ended Aug. 18, 1945	Week Ended Aug. 19, 1944
Oklahoma	380,000	388,000	†391,000	----	390,800	340,000
Kansas	274,000	269,400	†275,700	+ 7,450	270,000	285,300
Nebraska	1,000	----	†850	----	850	550
Panhandle Texas			88,000	----	87,900	98,700
North Texas			152,850	----	152,700	148,750
West Texas			526,650	----	525,350	484,950
East Central Texas			145,600	----	143,950	147,650
East Texas			380,950	----	380,600	371,700
Southwest Texas			361,650	----	361,250	321,650
Coastal Texas			567,600	----	567,950	535,200
Total Texas	2,190,000	‡2,195,012	2,223,300	----	2,219,700	2,108,600
North Louisiana			69,350	— 50	69,900	73,750
Coastal Louisiana			295,700	----	296,000	288,950
Total Louisiana	360,000	400,800	365,050	— 50	365,900	362,700
Arkansas	80,000	77,836	79,950	+ 50	79,850	80,650
Mississippi	53,000		55,100	+ 2,250	53,100	45,750
Alabama	500		950	----	950	200
Florida	----		200	----	200	50
Illinois	200,000		205,100	+ 6,650	201,600	210,500
Indiana	13,000		13,450	+ 250	13,350	12,850
Eastern— (Not incl. Ill., Ind., Ky.)	65,200		61,100	— 3,650	63,700	69,000
Kentucky	28,000		28,850	— 950	29,550	24,550
Michigan	47,000		47,000	— 3,100	48,300	49,400
Wyoming	118,200		115,950	— 1,250	114,950	87,450
Montana	22,000		20,400	----	20,500	21,800
Colorado	12,000		10,700	— 700	11,600	8,450
New Mexico	105,000	105,000	102,900	+ 50	102,950	106,000
Total East of Calif.	3,948,900		3,997,550	+ 7,000	3,987,850	3,813,800
California	952,000	§952,000	936,300	— 7,200	942,150	861,300
Total United States	4,900,900		4,933,850	— 200	4,930,000	4,675,100

*PAW recommendations and State allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Aug. 9, 1945.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE. GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 18, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	810	102.4	1,966	10,534	7,003	6,443	8,104
Appalachian—								
District No. 1	76.8	106	72.6	323	836	281	1,358	1,357
District No. 2	81.2	62	124.0	214	172	180	223	1,079
Ind., Ill., Ky.	87.2	779	90.9	2,910	5,135	2,908	5,994	12,940
Okla., Kan., Mo.	78.3	410	87.4	1,551	2,384	1,428	1,544	6,450
Inland Texas	59.8	251	76.1	1,007	439	1,018	1,008	1,723
Texas Gulf Coast	89.3	1,248	100.9	3,697	4,896	5,994	9,704	6,099
Louisiana Gulf Coast	96.8	282	103.5	956	1,865	1,020	1,879	2,342
No. La. & Arkansas	55.9	76	60.3	237	1,431	247	164	1,721
Rocky Mountain—								
District No. 3	17.1	14	107.7	41	21	38	11	80
District No. 4	72.1	123	77.4	407	372	632	683	1,394
California	87.3	979	98.2	2,581	10,560	24,096	10,283	3,402
Total U. S. B. of M. basis Aug. 18, 1945	85.8	5,140	94.6	15,890	38,675	44,845	*39,294	46,691
Total U. S. B. of M. basis Aug. 11, 1945	85.8	5,072	93.3	15,547	36,977	42,927	39,381	46,926
U. S. B. of M basis Aug. 19, 1944		4,685		13,913	39,520	58,862	37,983	41,925

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,206,000 barrels unfinished gasoline this week, compared with 11,618,000 barrels a year ago. These figures do not include any gasoline on which title his already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,627,000 barrels of kerosine, 5,344,000 barrels of gas oil and distillate fuel oil and 9,934,000 barrels of residual fuel oil produced during the week ended Aug. 18, 1945, which compares with 1,542,000 barrels, 5,082,000 barrels and 9,434,000 barrels, respectively, in the preceding week and 1,491,000 barrels, 4,657,000 barrels and 8,876,000 barrels, respectively, in the week ended Aug. 19, 1944.

Note—Stocks of kerosine at Aug. 18, 1945 amounted to 12,046,000 barrels, as against 11,046,000 barrels a week earlier and 13,052,000 barrels a year before.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Aug. 28	122.09	115.82	120.63	119.00	116.02	108.16	112.37	115.63	119.41
27	122.09	115.82	120.63	119.00	116.02	108.34	112.56	115.63	119.41
25	Stock Exchange Closed								
24	121.91	115.82	120.63	119.00	116.02	108.16	112.56	115.63	119.41
23	121.69	115.82	120.63	119.00	116.02	108.16	112.56	115.63	119.20
22	121.61	115.63	120.63	119.00	115.82	107.98	112.56	115.63	119.20
21	121.70	115.63	120.84	118.80	115.82	107.80	112.56	115.63	119.20
20	121.75	115.82	120.84	119.00	116.02	107.98	112.56	115.63	119.41
18	Stock Exchange Closed								
17	121.91	115.82	120.84	119.00	116.22	108.16	112.56	115.82	119.41
16	Stock Exchange Closed								
15	Stock Exchange Closed								
14	122.09	115.82	120.84	119.00	116.22	108.16	112.75	115.82	119.41
13	122.11	115.82	120.84	119.00	116.02	108.34	112.75	115.63	119.41
11	Stock Exchange Closed								
10	122.14	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.41
9	122.15	116.02	121.04	119.20	116.22	108.34	113.12	115.82	119.41
8	122.20	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.20
7	122.25	116.02	120.84	119.00	116.02	108.34	112.93	115.82	119.00
6	122.33	116.02	120.84	119.20	116.02	108.34	113.12	115.82	119.00
4	Stock Exchange Closed								
3	122.36	115.82	120.84	119.20	116.02	108.16	112.93	115.82	119.00
2	122.30	116.02	120.84	119.41	116.02	108.16	112.93	115.82	119.20
1	122.28	115.82	120.84	119.41	115.82	108.16	112.93	115.82	119.20
July 27	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00
20	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.4
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	108.34	113.31	115.82	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
Aug. 28, 1944	119.88	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
2 Years Ago									
Aug. 28, 1943	120.34	111.25	119.20	116.80	111.62	98.88	103.13	113.89	117.20

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Aug. 28	1.65	2.86	2.62	2.70	2.85	3.27	3.04	2.87	2.68
27	1.65	2.86	2.62	2.70	2.85	3.26	3.03	2.87	2.68
25	Stock Exchange Closed								
24	1.67	2.86	2.62	2.70	2.85	3.27	3.03	2.87	2.68
23	1.69	2.86	2.62	2.70	2.85	3.27	3.03	2.87	2.69
22	1.69	2.87	2.62	2.70	2.86	3.28	3.03	2.87	2.69
21	1.69	2.87	2.61	2.71	2.86	3.29	3.03	2.87	2.69
20	1.68	2.86	2.61	2.70	2.85	3.28	3.03	2.87	2.68
18	Stock Exchange Closed								
17	1.67	2.86	2.61	2.70	2.84	3.27	3.03	2.86	2.68
16	Stock Exchange Closed								
15	Stock Exchange Closed								
14	1.66	2.86	2.61	2.70	2.84	3.27	3.02	2.86	2.68
13	1.66	2.86	2.61	2.70	2.85	3.26	3.02	2.87	2.68
11	Stock Exchange Closed								
10	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.68
9	1.65	2.85	2.60	2.69	2.84	3.26	3.00	2.86	2.68
8	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.69
7	1.65	2.86	2.61	2.70	2.85	3.26	3.01	2.86	2.70
6	1.64	2.85	2.61	2.69	2.85	3.26	3.00	2.86	2.70
4	Stock Exchange Closed								
3	1.64	2.86	2.61	2.69	2.85	3.27	3.01	2.86	2.70
2	1.64	2.85	2.61	2.68	2.85	3.27	3.01	2.86	2.69
1	1.64	2.86	2.61	2.68	2.86	3.27	3.01	2.86	2.69
July 27	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.70
20	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.84	2.60	2.67	2.84	3.26	2.99	2.86	2.67
1 Year Ago									
Aug. 23, 1944	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
2 Years Ago									
Aug. 28, 1943	1.83	3.10	2.69	2.81	3.08	3.82	3.56	2.96	2.79

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Veterans' Jobs Will Be Protected, Says Truman

Following the statement attributed at Boston on Aug. 22 to Major-General Lewis B. Hershey, Director of Selective Service, that the rights of veterans for the return of their peace-time jobs expires with the war emergency, President Truman was reported as saying on Aug. 23 that he will not permit any veteran to be deprived of his former job because of a legal technicality.

Addressing 300 Massachusetts draft board officials, Gen. Hershey, according to Associated Press advices from Boston, made his statement in answer to a question from his audience.

The press advices, quoting Gen. Hershey, as given in the New York "Herald Tribune," added:

The job guaranty was contained in the Selective Service Law adopted by Congress, which he said, "was passed, not for all time, but for what was thought might be a year's training period."

Interviewed after the meeting, which was a testimonial to Col. Ralph Smith, State Director of Selective Service, who is retiring, Gen. Hershey said that the so-called G. I. Bill of Rights was concerned with job opportunities, and not with job return.

"Unless there is more legislation," Gen. Hershey said, "Sections 8-A and 8-B (concerning guaranteed job return) will be abolished automatically when Congress terminates hostilities."

"We probably will have some difficulty," Gen. Hershey added, "because there is a question that some people will raise—of whether Congress made a contract with its veterans and then changed it after we got the war won."

Gen. Hershey appealed to draft board officials to remain on the job despite end of the war, saying that he believed President Truman would ask Selective Service to continue to furnish 50,000 men monthly.

From Washington Aug. 23 the Associated Press, indicating the assurances of the President in behalf of veterans, said:

The Chief Executive told a news conference yesterday that he intends to see that veterans who want and are entitled to their old jobs get them back. If additional legislation is needed, Mr. Truman said, he will recommend specific changes to Congress.

Originally a section of the Selective Service Law carried a guarantee that a serviceman who had a job could go back to it if he applied for it within 90 days. It also carried a provision that if the other parts of the Selective Service Law were dropped, the job guarantees would continue.

The present law has the same guarantee, unchanged. But it does not contain the provision that these job rights go on, no matter what happens to the rest of the act.

That's the point, Gen. Hershey was making. As it now stands, the announcement of the end of hostilities would end the entire act, including job guarantees.

But Mr. Truman said not to worry, that there isn't likely to be any sudden announcement of the end of hostilities. He added that after the last war it took quite a while to declare that the war formally had ended.

Under date of Aug. 24 United Press accounts from Washington in the New York "World-Telegram" said:

Major veterans organizations were laying the groundwork today for a fight before Congress on the type of job preference they want provided for veterans.

Key to the developing controversy was a bill introduced by Rep. Harold Knutson (R., Minn.) and now in the House Military Affairs Committee.

Drafted by the Veterans of Foreign Wars, the Knutson bill would require employers to credit veterans with job seniority equal to time spent in the armed forces—regardless of previous job experience. It is designed to equalize a veteran's chances for employment with a man who spent the same time at home in a war job.

Moody's Daily Commodity Index

Tuesday, Aug. 21, 1945	253.7
Wednesday, Aug. 22	254.2
Thursday, Aug. 23	254.2
Friday, Aug. 24	254.5
Saturday, Aug. 25	254.0
Monday Aug. 27	254.2
Tuesday, Aug. 28	254.3
Two weeks ago, Aug. 14	254.8
Month ago, July 28	254.8
Year ago, Aug. 28, 1944	251.2
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan. 24	252.1

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite in the week ended Aug. 18, 1945, is estimated by the United States Bureau of Mines at 6,920,000 net tons, a decrease of 4,620,000 tons, or 40% from the output in the preceding week. Production in the corresponding week of 1944 was 11,934,000 tons. The drop in output resulted from the observance of the two holiday days on Aug. 15 and Aug. 16 when but 14,767 cars of soft coal were loaded. The total output of soft coal from Jan. 1 to Aug. 18, 1945 is estimated at 369,736,000 net tons, a decrease of 7.8% when compared with the 401,002,000 tons produced during the period from Jan. 1 to Aug. 19, 1944.

Production of Pennsylvania anthracite for the week ended Aug. 18, 1945, as estimated by the Bureau of Mines, was 495,000 tons, a decrease of 682,000 tons (57.9%) from the preceding week. When compared with the output in the corresponding week of 1944, there was a decrease of 667,000 tons, or 57.4%. The calendar year to date shows a decrease of 17.1% when compared with the corresponding period of 1944.

The Bureau also reported that the estimated production of beehive coke in the United States for the week ended Aug. 18, 1945, showed a decrease of 18,600 tons when compared with the output for the week ended Aug. 11, 1945; and was 50,300 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Aug. 18, 1945	Aug. 11, 1945	Aug. 19, 1944	*Aug. 18, 1945	Aug. 19, 1944
Total, including mine fuel	6,920,000	11,540,000	11,934,000	369,736,000	401,002,000
Daily average	†1,504,000	1,923,000	1,989,000	1,907,000	2,036,000

*Subject to current adjustment. †Average based on 4.6 days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Aug. 18, 1945	§Aug. 11, 1945	Aug. 19, 1944	Aug. 18, 1945	Aug. 19, 1944	Aug. 21, 1937
*Total incl. coll. fuel	495,000	1,177,000	1,162,000	34,059,000	41,067,000	32,927,000
†Commercial produc.	475,000	1,130,000	1,116,000	32,698,000	39,424,000	31,281,000
Beehive coke—						
United States total	83,300	101,900	133,600	3,759,200	4,832,900	2,297,300

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Aug. 11, 1945	Aug. 4, 1945	Aug. 12, 1944
Alabama	382,000	400,000	377,000
Alaska	5,000	6,000	5,000
Arkansas and Oklahoma	91,000	96,000	87,000
Colorado	133,000	131,000	137,000
Georgia and North Carolina	1,000	1,000	*
Illinois	1,315,000	1,442,000	1,406,000
Indiana	501,000	515,000	534,000
Iowa	44,000	58,000	42,000
Kansas and Missouri	119,000	120,000	160,000
Kentucky—Eastern	883,000	741,000	1,006,000
Kentucky—Western	351,000	345,000	338,000
Maryland	36,000	38,000	38,000
Michigan	3,000	3,000	3,000
Montana (bitum. & lignite)	96,000	90,000	81,000
New Mexico	28,000	27,000	33,000
North & South Dakota (lignite)	43,000	40,000	33,000
Ohio	788,000	758,000	677,000
Pennsylvania (bituminous)	2,800,000	2,761,000	2,960,000
Tennessee	134,000	123,000	142,000
Texas (bituminous & lignite)	2,000	1,000	2,000
Utah	121,000	125,000	125,000
Virginia	321,000	303,000	396,000
Washington	28,000	29,000	29,000
†West Virginia—Southern	2,044,000	1,920,000	2,256,000
‡West Virginia—Northern	1,083,000	1,045,000	1,112,000
Wyoming	187,000	182,000	163,000
§Other Western States	1,000	*	*
Total bituminous & lignite	11,540,000	11,300,000	12,142,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Wholesale Prices Declined 0.2% in Week Ended Aug. 18, Labor Department Reports

"Lower prices for agricultural commodities, which more than off-set higher prices for certain industrial materials caused a decline of 0.2% in the Bureau of Labor Statistics' index of commodity prices in primary markets during the week ended Aug. 18," it was announced by the United States Department of Labor on Aug. 23. "The overall index, at 105.5% of the 1926 average, was 0.1% below the level of four weeks ago and 1.8% above the corresponding week of last year," said the Department, which added:

"**Farm Products and Foods** — Average market prices of farm products declined 1.0% during the week to the lowest level since late March. Among the grains, which dropped 1.4% on the average, there were sharp seasonal declines for oats and rye. Barley was seasonably higher. Wheat and corn quotations dropped as farmers shipped larger amounts to market. Market prices for cows and steers decreased while calves were higher. Following the sharp declines of recent weeks, sheep quotations advanced about 2%. Prices of white potatoes, lemons, oranges, apples, and onions moved downward seasonally while sweetpotatoes advanced sharply. Eggs rose seasonally and cotton was fractionally higher. Average prices for farm products were 1.2% below a month ago and 3.8% above the late August, 1944.

"The group index for foods declined 0.6% chiefly as the result of the drop of 4.0% for fruits and vegetables. Quotations for rye flour were off more than 7%, reflecting lower prices for rye, and wheat flour was fractionally lower. On the average foods were 0.2% below the level of late July and 1.7% above a year ago.

"**Other Commodities** — An increase of 0.8% in primary market prices of building materials during the week was chiefly responsible for a rise of 0.2% in the group index for all commodities other than farm products and foods. Mill prices for southern pine were higher and rosin quotations advanced more than 16% following upward adjustments of OPA ceilings. Common brick was higher. There were further upward price adjustments to higher OPA ceilings for bituminous coal, boxboard, and some agricultural implements. Potash prices rose seasonally while mercury continued to decline."

The Labor Department also included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the past three weeks, for July 21, 1945 and August 19, 1944 and (2) percentage changes in subgroup indexes from Aug. 11, 1945 to Aug. 18, 1945.

WHOLESALE PRICES FOR WEEK ENDED AUG. 18, 1945
(1926 = 100)

						Percentage change to Aug. 18,1945 from—		
Commodity Groups—	8-18 1945	8-11 1945	8-4 1945	7-21 1945	8-19 1944	8-11 1945	7-21 1945	8-19 1944
All commodities	105.5	105.7	105.7	105.6	103.6	—0.2	—0.1	+1.8
Farm products	127.0	128.3	129.1	128.5	122.3	—1.0	—1.2	+3.8
Foods	106.3	106.9	107.0	106.5	104.5	—0.6	—0.2	+1.7
Hides and leather products	118.5	118.5	118.5	118.5	116.4	0	0	+1.8
Textile products	99.1	99.1	99.1	99.1	97.5	0	0	+1.6
Fuel and lighting materials	85.3	85.2	84.8	84.8	83.8	+0.1	+0.6	+1.8
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+1.0
Building materials	118.2	117.3	117.3	117.3	116.0	+0.8	+0.8	+1.9
Chemicals and allied products	95.3	95.2	95.2	95.2	95.5	+0.1	+0.1	—0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	116.9	117.7	118.1	117.7	112.8	—0.7	—0.7	+3.6
Semimanufactured articles	95.4	95.3	95.2	95.2	93.8	+0.1	+0.2	+1.7
Manufactured products	102.1	102.0	101.9	101.9	101.1	+0.1	+0.2	+1.0
All commodities other than farm products	100.8	100.7	100.6	100.6	99.5	+0.1	+0.2	+1.3
All commodities other than farm products and foods	100.1	99.9	99.9	99.8	98.7	+0.2	+0.3	+1.4

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM AUG. 11, 1945 TO AUG. 18, 1945

Increases

Lumber	1.5	Other foods	0.6
Paint and paint materials	1.1	Brick and tile	0.3
Fertilizer materials	0.9	Paper and pulp	0.3
Bituminous coal	0.2		

Decreases

Fruits and vegetables	4.0	Other farm products	1.0
Grains	1.4	Livestock and poultry	0.8
Cereal products	0.2		

National Fertilizer Association Commodity Price Index Declines

The weekly wholesale commodity price index compiled by The National Fertilizer Association made public on Aug. 27, declined to 141.3 for the week ended Aug. 25, 1945, from 141.7, the highest point of the index, in the preceding week. A month ago the index stood at 141.5, and a year ago at 138.4, all based on the 1935-1939 average as 100. The Association's report went on to say:

Four of the composite groups of the index declined and none advanced during the latest week. The foods group declined principally because of lower quotations for potatoes and oranges. The farm products group declined fractionally; the cotton index declined with cotton prices back to the level of April 21; the grains index rose fractionally with higher wheat prices at Minneapolis a little more than offsetting lower rye prices; the livestock index declined slightly with lower prices for good cattle, lambs, sheep and calves more than offsetting higher prices for eggs. The textiles group declined slightly. The miscellaneous commodities group declined moderately, lower prices for lubricating oil being partly balanced by a small advance in the price for cottonseed meal. All other groups of the index remained unchanged.

During the week 9 price series in the index declined and 4 advanced; in the preceding week 6 declined and 4 advanced; in the second preceding week 10 declined and 2 advanced.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 25, 1945	Preceding Week Aug. 18, 1945	Month Ago July 28, 1945	Year Ago Aug. 26, 1944
25.3	Food	144.3	144.9	†143.6	140.2
	Fats and Oils	145.2	145.0	145.0	145.1
	Cottonseed Oil	163.1	162.4	162.4	163.1
23.0	Farm Products	167.2	167.4	167.7	161.0
	Cotton	211.4	212.2	213.0	203.7
	Grains	158.9	158.8	163.5	155.9
	Livestock	163.2	163.4	162.3	155.8
17.3	Fuels	134.5	134.5	133.3	130.1
10.8	Miscellaneous Commodities	132.8	133.9	133.9	132.2
8.2	Textiles	156.6	156.7	156.8	152.8
7.1	Metals	108.9	108.9	108.9	104.4
6.1	Building Materials	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs	125.8	125.8	125.8	126.9
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.5
100.0	All groups combined	141.3	141.7	†141.5	138.4

*Indexes on 1926-1928 base were: Aug. 25, 1945, 110.1; Aug. 18, 1945, 110.4; and Aug. 26, 1944, 107.8. †Revised.

N. Y. State Reconversion Agency Established

New York State's reconversion problems will be less than those of many other states according to a report to Governor Dewey made by State Commerce Commissioner M. P. Catherwood bearing on the laying off of labor throughout New York as plants abandon war work for peacetime production. On the basis of this report Gov. Dewey has appointed an agency, to be headed by Mr. Catherwood, designed to coordinate all New York State industrial and business aid plans during the reconversion period, advices from the Associated Press at Albany stated on Aug. 20.

The Catherwood report said that in spite of the immediate prospect of half a million unemployed war workers, New York was not confronted with as great a problem as other States in disposing of huge plants difficult to adapt to civilian production. It mentioned, too, the factor of accumulated personal savings in the State totaling approximately $15,000,000,000, of which it was anticipated a considerable amount would be spent on consumer goods.

In his report, Mr. Catherwood predicted, according to the Associated Press, that New York State "faces an era of expansion in economic activity with unprecedented business and job opportunities for its people."

"Much, however, depends on the manner and speed with which we hit our stride in peacetime production," he said. "For every month that mass unemployment is prolonged, the opportunity for peak production and prosperity will be lessened." These press advices added:

The Commerce Department head, who said there was an opportunity for 100,000 new small businesses in the State, listed these wartime increases in employment which he said must be taken up by expansion of peacetime industry:

New York City area, including part of New Jersey, 630,000; Buffalo, 114,000; Rochester, 51,000; Albany-Troy-Schenectady, 40,000; Syracuse, 23,000, and Poughkeepsie-Newburgh, 7,000.

The report listed seven fields in which action already had been started to "develop new business and employment opportunities," the Associated Press stated, adding that these included:

1. Preparation of two series of bulletins, one dealing with markets and business data in 11 economic areas of the State and the other with practical operation of small enterprises.
2. Completion of a technical study on new processes, products and materials and the setting up of machinery to make the information easily available.
3. Exploitation of the State's facilities for foreign trade.
4. Completion of a two-year project cataloging all the State's manufacturing firms and listing their products, and the completion of files on available facilities for persons starting new businesses.
5. Inauguration of an advertising campaign to make known in the United States and abroad the resources of the State.
6. Development of an airport construction program through the Commerce Department's Bureau of Aviation.
7. Creation of a women's program to make use of knowledge gained by women during the war through civilian volunteer work.

It is further stated that the new reconversion agency will provide a liaison between Federal agencies and State businesses seeking release of materials and information on price control and other matters.

Assisting Mr. Catherwood in directing the new agency will be Superintendent of Public Works Charles H. Sells and Commissioner of Labor Edward Corsi. Offices will be set up in the Commerce Department and the staff of the War Council, to the extent necessary, will be transferred to the new agency. Prime function of the agency will be to provide business and industries with immediate access to information and materials.

Payment of 2½% By Rail Credit Body

According to E. G. Buckland, President of the Railroad Credit Corporation, the corporation will make a liquidating distribution on August 31 of 2½% of the fund as of July 31, amounting to $1,810,671.

Of this amount $1,684,348 will be paid in cash and $126,322 will be credited on the carriers' indebtedness to the corporation.

This will bring the total amount distributed to $69,720,252, or 95% of the original fund contributed by carriers participating in the Marshalling and Distributing Plan, 1931. Of this total, $40,964,623 will have been returned in cash and $28,755,628 in credits.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Aug. 22 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 4, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Aug. 4 (in round-lot transactions) totaled 1,378,040 shares, which amount was 17.38% of the total transactions on the Exchange of 3,965,850 shares. This compares with member trading during the week ended July 28, of 1,610,201 shares, or 16.35% of the total trading of 4,925,100 shares. On the New York Curb Exchange, member trading during the week ended Aug. 4 amounted to 306,860 shares or 15.96% of the total volume on that exchange of 961,490 shares. During the week ended July 28 trading for the account of Curb members of 350,900 shares was 16.37% of the total trading of 1,071,640 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 4, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	223,550	
‡Other sales	3,742,300	
Total sales	3,965,850	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	315,030	
Short sales	61,900	
‡Other sales	290,790	
Total sales	352,690	8.42
2. Other transactions initiated on the floor—		
Total purchases	143,900	
Short sales	24,100	
‡Other sales	124,500	
Total sales	148,600	3.69
3. Other transactions initiated off the floor—		
Total purchases	157,340	
Short sales	95,250	
‡Other sales	165,230	
Total sales	260,480	5.27
4. Total—		
Total purchases	616,270	
Short sales	181,250	
‡Other sales	580,520	
Total sales	761,770	17.38

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 4, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	8,355	
‡Other sales	953,135	
Total sales	961,490	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	71,160	
Short sales	2,565	
‡Other sales	73,560	
Total sales	76,125	7.66
2. Other transactions initiated on the floor—		
Total purchases	16,990	
Short sales	2,000	
‡Other sales	11,400	
Total sales	13,400	1.58
3. Other transactions initiated off the floor—		
Total purchases	73,650	
Short sales	1,100	
‡Other sales	54,435	
Total sales	55,535	6.72
4. Total—		
Total purchases	161,800	
Short sales	5,665	
‡Other sales	139,395	
Total sales	145,060	15.96
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	48,804	
Total purchases	48,804	
Total sales	38,118	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Civil Engineering Construction Volume $22,990,000 for Holiday Week

Civil engineering construction volume for the short week due to the unofficial V-J holiday totals $22,990,000 according to reports to "Engineering News-Record." The week's total compares with $49,135,000 for the preceding week, $37,309,000 for the corresponding week in 1944, and is 49% below the previous four-week moving average. The report made public on Aug. 23 continued as follows:

Private construction for the week totals $5,034,000, and public construction volume is $17,956,000. The latter is made up of $8,518,000 in state and municipal construction, and $9,438,000 in federal work.

The current week's construction brings 1945 volume to $1,225,799,000 for the 34 weeks, an increase of 2% over the $1,201,360,000 reported for the period in 1944. Private construction, $374,827,000, is 42% higher than a year ago, but public construction, $850,972,000, is down 9% due to the 17% drop in federal work. State and municipal construction, $206,390,000, is up 28% compared with last year.

Civil engineering construction volumes for the short current week, last week, and the 1944 week are:

	Aug. 23, '45 (four days)	Aug. 16, '45 (five days)	Aug. 24, '44 (five days)
Total U. S. Construction	$22,990,000	$49,135,000	$37,309,000
Private Construction	5,034,000	23,184,000	5,157,000
Public Construction	17,956,000	25,951,000	32,152,000
State and Municipal	8,518,000	6,808,000	4,511,000
Federal	9,438,000	19,143,000	27,641,000

In the classified construction groups, gains over a week ago are reported in bridges and unclassified construction. Increases over the 1944 week are in waterworks, and commercial buildings. Subtotals for the week in each class of construction are: waterworks, $1,110,000; sewerage, $146,000; bridges, $538,000; industrial buildings, $2,431,000; commercial buildings, $783,000; public buildings, $6.278,000; earthwork and drainage, $1,528,000; streets and roads, $3,260,000; and unclassified construction, $6,916,000.

New capital for construction purposes for the week totals $46,132,000. It is made up of $35,486,000 in federal appropriations for construction from the Second Deficiency Appropriations Act of 1945 and $10,646,000 in state and municipal bond sales. The week's financing brings 1945 volume to $1,569,340,000 for the 34 weeks, a volume within 2% of the $1,595,292,000 reported for the period a year ago.

Non-Ferrous Metals—WPB Lifts Controls on Metals in Ample Supply—Quicksilver Lower

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 23 stated: "That the War Production Board intends to eliminate all restrictions as speedily as possible was seen in action taken on Aug. 20 that resulted in the revocation of 210 controls. Included among the commodities freed of control, effective Aug. 20, are copper (M-9); rhodium (M-95); platinum (M-162); osmium (M-302); silver (M-199); zinc (M-11); cadmium (M-65); lead and tin scrap (M-72); and bismuth (M-276). Control of arsenic was dropped Aug. 14. Metals of importance still under control include lead, tin, and antimony. Quicksilver again declined sharply, but the price situation in major metals remained unchanged." The publication further went on to say in part as follows:

Military CMP Allotments Cancelled by WPB

Cancellation of virtually all military allotments of steel, copper, and aluminum was announced by the War Production Board on Aug. 17. This action was taken through Direction 1 to Priorities Regulation 29, which stipulates that all allotments of controlled materials, and all preference ratings except AAA and MM, assigned by the Army, Navy, or the United States Maritime Commission, have been cancelled.

The Controlled Materials Plan, which governs the distribution of steel, copper, and aluminum, has not been revoked through this action, it was stated officially in Washington. Revocation of CMP is not scheduled to become effective until Sept. 30. Allotments and preference ratings for these metals for other products issued by WPB or other agencies than the Army, Navy, and the Maritime Commission continue in effect as heretofore.

WPB believes that suppliers will now be free to fill other rated as well as unrated orders on materials and components formerly scheduled for production by the military agencies.

Copper

Advices from Washington state that the Foreign Economic Administration has served notice that present contracts for obtaining copper from abroad will not be renewed after October. Whether foreign purchases will end abruptly is not known.

Buying of copper in the domestic market for September was in moderate volume. The industry believes that domestic production will be absorbed next month without difficulty. Some fabricators are moving into production for civilian needs rapidly.

The fabricator's statistics issued Aug. 22 indicate that 79,739 tons of copper were consumed in July, against 117,492 tons in June and the peak of 171,558 tons in March this year. Vacations and cutbacks accounted for the sharp drop in consumption during July.

Lead

Consumers have asked WPB for about 19,000 tons of foreign lead for September shipment, a larger tonnage than generally expected. Requests for foreign lead for delivery in August amounted to 21,000 tons.

The strike at Federal, Ill., plant of the American Smelting & Refining Co. continues, and, unless the labor difficulties at that plant can be settled soon, some consumers may be forced to draw on lead of foreign origin to a greater extent.

Order M-72, revoked last week, does not free lead scrap so far as end uses are concerned. The action benefits dealers in acquiring scrap.

Sales of pig lead for the last week were light, amounting to 1,961 tons.

Zinc

The announcement from Washington to the effect that zinc is no longer under WPB control was accepted as a logical move throughout the industry. Supplies have been sufficient for some time, producers contend, and the monthly "set-aside" only complicated matters. Demand for September zinc was inactive during the last week, but a fair tonnage was sold in some quarters for August delivery. Though cutbacks have come through on products containing zinc, producers report that consumers have been taking all the metal ordered for the current month, and the market remains steady.

Antimony

The position of antimony remains firm, and the metal is expected to continue in fairly tight supply until production in China can be increased and offerings from that important producing area appear on the world market. Consumption of antimony in antimonial lead remains high.

Antimony Oxide, however, has eased appreciably. Cutbacks in the military requirements for flameproofing purposes have been substantial.

Tin

Order M-72, controlling tin scrap, has been revoked by WPB.

So far as primary tin is concerned, officials in Washington continue to take a gloomy view of the prospects for obtaining increased supplies from liberated tin-producing areas in the Far East, and distribution of the metal is expected to remain under control for some time to come. It was announced last week that Thailand (Siam) has ended all hostilities. There is some hope in tin circles that production of tin in that country continued throughout the war period, probably at a reduced rate. Under normal operating conditions Thailand produced between 16,000 and 17,000 long tons of tin a year.

The price situation in tin was unchanged, Straits quality metal being available on the basis of 52c per pound. Forward quotations were nominally as follows:

	Aug.	Sept.	Oct.
August 16		Holiday	
August 17	52.000	52.000	52.000
August 18	52.000	52.000	52.000
August 20	52.000	52.000	52.000
August 21	52.000	52.000	52.000
August 22	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

There was really no market for quicksilver during the last week. A few small lots sold at $125 per flask, but on quantity transactions there was no indication of what might be done. One seller stood ready to quote $120 per flask, but doubted whether large consumers could be interested at that figure. On quantity business the price was wholly nominal.

Cancellations on the battery program came through as expected, and the trade is now wondering how long it will take to channel part of this business into civilian products. Some operators believe that it will require all of six months. In the interim, consumption of quicksilver is likely to fall sharply, and both domestic production and imports will come forward on a greatly reduced scale. Large inventories may slow down consumption of quicksilver in the production of standard mercurials. Instrument makers may be better situated as consumers of the metal in the transition period than other takers.

San Francisco advices under date of Aug. 21 state: "No quicksilver quotations this week. Second largest domestic producer closing down. Other producers plan to suspend operations."

Silver

The London silver market was quiet last week and the price continued at 25½d. The New York Official for foreign silver was unchanged at 44¾c, with domestic metal at 70⅝c.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 22 a summary for the week ended Aug. 11 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 11, 1945

	Total For Week
Odd-Lot Sales by Dealers— (Customers' purchases)	
Number of orders	21,499
Number of shares	638,469
Dollar value	$25,159,002
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	286
*Customers' other sales	22,500
Customers' total sales	22,786
Number of Shares:	
Customers' short sales	10,448
*Customers' other sales	592,943
Customers' total sales	603,391
Dollar value	$22,559,279
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	180
†Other sales	139,080
Total sales	139,260
Round-Lot Purchases by Dealers—	
Number of shares	206,590

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings for Week Ended Aug. 18, 1945 Affected by V-J Holidays

Loading of revenue freight for the week ended Aug. 18, 1945, totaled 652,832 cars, the Association of American Railroads announced on Aug. 23. This was a decrease below the corresponding week of 1944 of 233,791 cars, or 26.4%, and a decrease below the same week in 1943 or 238,508 cars or 26.8%.

Loading of revenue freight for the week of Aug. 18 decreased 217,175 cars, or 25.0% below the preceding week due to V-J Day holidays.

Miscellaneous freight loading totaled 292,362 cars, a decrease of 89,787 cars below the preceding week, and a decrease of 104,467 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 90,506 cars, a decrease of 16,349 cars below the preceding week and a decrease of 16,018 cars below the corresponding week in 1944.

Coal loading amounted to 90,003 cars, a decrease of 79,341 cars below the preceding week, and a decrease of 82,807 cars below the corresponding week in 1944.

Grain and grain products loading totaled 53,897 cars, a decrease of 9,584 cars below the preceding week but an increase of 3,984 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Aug. 18 totaled 37,963 cars, a decrease of 3,821 cars below the preceding week but an increase of 2,804 cars above the corresponding week in 1944.

Livestock loading amounted to 14,184 cars, a decrease of 748 cars below the preceding week and a decrease of 2,252 cars below the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of Aug. 18 totaled 10,683 cars, a decrease of 503 cars below the preceding week, and a decrease of 1,578 cars below the corresponding week in 1944.

Forest products loading totaled 37,416 cars, a decrease of 8,940 cars below the preceding week and a decrease of 12,786 cars below the corresponding week in 1944.

Ore loading amounted to 62,917 cars, a decrease of 9,928 cars below the preceding week and a decrease of 16,778 cars below the corresponding week in 1944.

Coke loading amounted to 11,547 cars, a decrease of 2,498 cars below the preceding week, and a decrease of 2,667 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding weeks in 1944 and 1943.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
4 Weeks of July	3,378,266	3,459,830	3,455,328
Week of August 4	863,910	889,594	872,133
Week of August 11	870,007	895,181	887,164
Week of August 18	652,832	886,623	891,340
Total	27,026,960	27,416,429	26,437,342

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 18, 1945. During the period only 11 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED ANG. 18

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	313	245	237	1,247	1,430
Bangor & Aroostook	1,056	1,145	901	326	529
Boston & Maine	5,170	6,302	6,637	11,816	13,450
Chicago, Indianapolis & Louisville	956	1,384	1,337	1,953	2,146
Central Indiana	23	24	35	41	48
Central Vermont	875	1,085	996	1,988	2,235
Delaware & Hudson	2,716	4,765	6,602	9,780	12,242
Delaware, Lackawanna & Western	5,586	7,584	7,693	8,811	9,787
Detroit & Mackinac	202	244	189	133	164
Detroit, Toledo & Ironton	1,402	1,904	1,927	790	1,146
Detroit & Toledo Shore Line	237	349	343	2,024	2,471
Erie	9,371	13,046	13,728	13,650	17,167
Grand Trunk Western	2,931	3,598	3,692	7,074	7,782
Lehigh & Hudson River	137	144	167	2,405	2,530
Lehigh & New England	893	1,934	2,188	1,373	1,610
Lehigh Valley	5,594	8,211	8,624	9,380	15,023
Maine Central	2,085	2,317	2,528	2,722	2,700
Monongahela	3,386	5,884	5,949	288	360
Montour	1,332	2,563	2,359	20	36
New York Central Lines	37,763	50,837	56,903	39,829	54,675
N. Y., N. H. & Hartford	6,940	8,898	10,124	14,203	17,111
New York, Ontario & Western	794	1,256	1,345	3,094	3,167
New York, Chicago & St. Louis	4,680	6,561	7,543	12,400	15,730
N. Y., Susquehanna & Western	302	388	590	1,607	2,470
Pittsburgh & Lake Erie	4,647	7,425	7,737	6,251	8,894
Pere Marquette	4,393	5,237	5,056	6,677	7,745
Pittsburgh & Shawmut	455	1,015	950	11	60
Pittsburg, Shawmut & North	116	302	402	201	233
Pittsburgh & West Virginia	873	1,218	1,118	2,447	2,670
Rutland	253	363	330	1,069	1,151
Wabash	4,944	5,768	5,729	9,858	12,175
Wheeling & Lake Erie	3,867	5,812	5,273	3,874	4,408
Total	114.292	157.808	169.232	177.342	223.345
Allegheny District—					
Akron, Canton & Youngstown	501	738	780	1,024	1,398
Baltimore & Ohio	34,683	47,547	45,249	23,101	28,411
Bessemer & Lake Erie	4,108	6,045	6,105	1,643	1,781
Buffalo Creek & Gauley	‡	‡	268	‡	‡
Cambria & Indiana	233	1,351	1,827	8	26
Central R. R. of New Jersey	4,337	6,749	7,149	15,600	19,963
Cornwall	325	511	628	50	59
Cumberland & Pennsylvania	76	208	269	9	14
Ligonier Valley	61	153	134	54	43
Long Island	2,277	1,811	1,888	4,071	4,337
Penn-Reading Seashore Lines	1,346	1,878	2,174	2,075	2,592
Pennsylvania System	61,219	88,882	88,743	48,120	63,620
Reading Co.	9,479	14,085	15,576	22,022	28,768
Union (Pittsburgh)	10,646	18,809	20,794	5,137	6,989
Western Maryland	2,384	4,173	4,174	9,988	12,299
Total	131,675	192,940	195,758	132,902	170,300
Pocahontas District—					
Chesapeake & Ohio	17,710	30,192	28,581	11,307	14,018
Norfolk & Western	12,453	21,158	22,126	6,315	8,750
Virginian	2,418	4,365	4,562	2,009	2,229
Total	32,581	55,715	55,269	19,631	24,997
Southern District—					
Alabama, Tennessee & Northern	521	415	278	327	337
Atl. & W. P.—W. R. R. of Ala.	628	766	600	1,920	2,920
Atlanta, Birmingham & Coast	911	980	774	911	1,152
Atlantic Coast Line	8,913	10,678	11,227	7,905	9,532
Central of Georgia	3,304	3,683	3,710	4,104	5,051
Charleston & Western Carolina	443	473	378	1,515	1,625
Clinchfield	1,162	1,784	1,738	2,070	3,079
Columbus & Greenville	217	187	335	225	280
Durham & Southern	72	110	102	887	808
Florida East Coast	688	895	1,288	1,175	1,349
Gainesville Midland	45	57	53	111	134
Georgia	1,199	1,264	1,116	2,421	2,501
Georgia & Florida	16	680	475	1	714
Gulf, Mobile & Ohio	4,247	4,643	4,210	4,045	4,228
Illinois Central System	20,824	29,397	28,508	14,711	17,172
Louisville & Nashville	17,755	25,641	25,181	10,413	11,793
Macon, Dublin & Savannah	188	178	186	652	686
Mississippi Central	331	368	250	507	517
Nashville, Chattanooga & St. L.	2,912	3,007	3,112	3,699	4,336
Norfolk Southern	804	926	919	1,553	2,162
Piedmont Northern	337	359	367	1,048	1,207
Richmond, Fred. & Potomac	513	420	435	7,416	8,885
Seaboard Air Line	7,755	9,366	9,565	7,083	8,603
Southern System	20,513	24,349	22,369	20,692	24,964
Tennessee Central	538	722	533	767	710
Winston-Salem Southbound	132	137	120	1,116	1,136
Total	94,968	121,485	117,829	97,274	115,881
Northwestern District—					
Chicago & North Western	16,471	20,738	21,537	13,730	14,278
Chicago Great Western	1,993	2,683	3,046	3,159	3,382
Chicago, Milw., St. P. & Pac.	17,729	22,669	22,026	9,260	11,228
Chicago, St. Paul, Minn. & Omaha	3,227	3,526	4,292	4,390	4,320
Duluth, Missabe & Iron Range	23,413	27,440	30,427	236	415
Duluth, South Shore & Atlantic	847	1,051	1,056	513	613
Elgin, Joilet & Eastern	5,649	9,070	8,715	7,376	10,247
Ft. Dodge, Des Moines & South	280	392	480	61	89
Great Northern	19,713	25,781	26,581	8,027	6,405
Green Bay & Western	343	464	399	801	1,004
Lake Superior & Ishpeming	1,745	2,902	2,964	72	44
Minneapolis & St. Louis	1,854	2,230	2,312	2,364	2,343
Minn., St. Paul & S. S. M.	5,746	7,369	8,901	3,365	3,570
Northern Pacific	9,804	12,190	11,726	6,095	6,117
Spokane International	175	142	220	445	563
Spokane, Portland & Seattle	1,964	2,904	2,749	3,660	3,677
Total	110,953	141,551	147,431	63,554	68,295
Central Western District—					
Atch., Top. & Santa Fe System	22,836	27,643	21,483	13,339	14,070
Alton	2,931	3,520	3,862	3,082	4,253
Bingham & Garfield	102	206	393	54	125
Chicago, Burlington & Quincy	16,994	19,884	20,667	12,238	12,971
Chicago & Illinois Midland	1,269	2,766	3,099	835	841
Chicago, Rock Island & Pacific	11,050	13,517	12,470	12,576	12,637
Chicago & Eastern Illinois	1,911	2,829	2,845	4,396	5,766
Colorado & Southern	717	812	958	1,809	2,407
Denver & Rio Grande Western	2,883	4,437	5,178	6,248	6,314
Denver & Salt Lake	417	835	720	54	32
Fort Worth & Denver City	830	1,086	1,266	1,426	2,006
Illinois Terminal	1,676	2,308	1,908	1,995	2,070
Missouri-Illinois	1,040	1,343	1,156	648	762
Nevada Northern	859	1,687	1,903	88	119
North Western Pacific	816	1,239	1,305	918	889
Peoria & Pekin Union	16	3	24	0	0
Southern Pacific (Pacific)	26.882	34,184	33,790	12,784	14,795
Toledo, Peoria & Western	280	279	334	1,812	2,032
Union Pacific System	15,291	18,961	16,106	18,024	17,549
Utah	348	483	573	4	6
Western Pacific	1,587	2,191	2,307	4,739	4,472
Total	110,735	140,213	132,347	97,069	104,116
Southwestern District—					
Burlington-Rock Island	372	726	425	411	405
Gulf Coast Lines	3,500	5,539	5,837	2,308	2,578
International-Great Northern	2,272	2,487	2,649	3,027	3,796
Kansas, Oklahoma & Gulf	†	†	345	†	†
Kansas City Southern	3,460	5,246	5,582	2,852	2,995
Louisiana & Arkansas	2,500	4,044	3,382	2,437	2,981
Litchfield & Madison	263	289	380	1,268	1,566
Midland Valley	959	1,146	829	1,620	1,450
Missouri & Arkansas	161	191	157	382	400
Missouri-Kansas-Texas Lines	5,446	6,223	5,734	4,260	5,327
Missouri Pacific	14,643	19,231	17,931	16,941	19,402
Quanah Acme & Pacific	98	82	86	318	315
St. Louis-San Francisco	8,552	10,020	8,909	7,485	8,569
St. Louis-Southwestern	2,906	3,413	2,824	5,566	6,576
Texas & New Orleans	7,845	12,504	13,330	5,427	5,338
Texas & Pacific	4,543	5,650	4,968	7,032	6,993
Wichita Falls & Southern	89	75	97	58	94
Weatherford M. W. & N. W.	19	45	9	35	36
Total	57,628	76,911	73,474	61,427	68,821

†Included in Midland Valley Ry. ‡Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95
June 23	115,768	157,932	491,287	96	95
June 30	166,083	156,447	499,505	96	95
July 7	180,155	99,960	575,918	62	94
July 14	151,085	145,797	575,134	90	94
July 21	121,864	156,619	537,639	96	94
July 28	127,772	156,519	507,758	95	94
Aug. 4	223,467	153,694	577,024	94	94
Aug. 11	157,653	153,368	582.785	94	94
Aug. 18	82,362	109,034	532,186	67	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

$9 Billion Paid to Life Insur. Policyholders

Between Pearl Harbor and V-J Day, more than $9,000,000,00 was paid to American policyholders and beneficiaries by the life insurance companies of this country, it was reported on Aug. 21 by the Institute of Life Insurance. At the same time, total life insurance owned and funds accumulated in those policies reached, it is announced, new all-time peaks undisturbed by the war's impact. "The continuous and increasing flow of benefits into millions of homes has been one of the important stabilizing forces on the home front economy in these war years," Holgar J. Johnson, Institute President, said in commenting on the war's effect on life insurance. He added:

"Death benefit payments alone were $4,200,000,000 under 4,500,000 policies and these gave urgently needed resources to many of the nation's homes where income was suddenly cut off. Many of the families benefited were those of service men killed in action and yet the war's effect on mortality was not as serious as anticipated at the outbreak, war claims being only 6% of total death benefits paid. The health record on the home front was one of remarkable progress in spite of doctor shortage and war prssure. In addition, $4,900,000,000 was paid in benefits to living policyholders and $8,500,000,000 was added to policy reserves for future payments. The aggregate of payments and credits was $17,600,000,000, nearly 10% greater than the total of premiums paid in during these years."

Total life insurance owned reached a new peak during the war, it is also indicated, topping $154,000,000,000 on V-J Day. That is $30,000,000,000 greater than the amount owned at the time of Pearl Harbor, an increase of 24%. Total funds accumulated back of this insurance during the war years exceeded $10,000,000,000, bringing total assets to a new peak estimated at nearly $43,000,000,000 on V-J Day. Of this, more than $18,500,000,000 was in U. S. Government securities, which were increased by nearly $12,000,000,000 as the life insurance companies made record War Bond purchases.

These company purchases of War Bonds, says the advices from the Institution, represented only a portion of the contribution to war financing on the part of the business. At the outbreak of the war, the life insurance agents threw their efforts behind the development of salary deduction plans for purchasing War Bonds and directly or indirectly they were responsible for the sale of many billions of dollars in War Bonds in this way.

Lumber Movement—Week Ended Aug. 18, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 453 mills reporting to the National Lumber Trade Barometer were 1.1% below production for the week Aug. 18, 1945. In the same week new orders of these mills were 30.6% less than production. Unfilled order files of the reporting mills amounted to 98% of stocks. For reporting softwood mills, unfilled orders are equivalent to 33 days' production at the current rate, and gross stocks are equivalent to 33 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 3.9%; orders by 6.6%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 33.8% less; shipments were 28.4% less; orders were 51.3% less.

Items About Banks, Trust Companies

In order to provide capital commensurate with increased deposits and resources, the shareholders of the Grace National Bank of New York at a meeting on Aug. 28 authorized an increase in its capital stock from $2,000,000 to $2,750,000. Notice of the meeting was contained in a letter sent to the shareholders on Aug. 14. $250,000 of the new capital stock will be used for the payment on Sept. 28 of a stock dividend of 12½% to shareholders of record on Aug. 30, in lieu of the cash dividend of $3 usually paid Sept. 1, and the remaining $500,000 will be sold at $150 per share to the shareholders of record on Aug. 28, in the proportion of one share of new stock for each four shares then held. The bank's letter said:

"Snce the increase of our capital stock in June of 1944, the bank's deposits have continued to grow and its activities to multiply and we have been able to earn a satisfactory return on our enlarged capital. Our directors now feel that the growth in our volume of business and the opportunities which present themselves to develop new relationships and to expand the bank's service to its customers warrant a further enlargement of our capital at this time." On June 30, 1945, the bank's resources and deposits were $99,978,588 and $92,942,431, respectively, as compared with resources and deposits on June 30, 1944, of $77,543,393 and $70,082,422, respectively.

At the regular meeting of the board of directors of the National City Safe Deposit Company held on Aug. 22, Roswell D. Regan was appointed a Vice-President in addition to his present position and title of General Manager of the company. Howard C. Sheperd, Senior Vice-President of The National City Bank of New York, was elected a member of the board of directors of the Safe Deposit Company to succeed the late Eric P. Swenson, whose death was noted in our issue of Aug. 23, page 872. Mr. Regan is President of the New York State Safe Deposit Association.

James L. O'Neill, Vice-President of the Guaranty Trust Company of New York and for many years in charge of that company's personnel management and operations, died on Aug. 21 at his home in Short Hills, N. J. He was 63 years of age.

Mr. O'Neill has been a Vice-President of the Guaranty Trust Company since 1918, when he joined the company as a credit man after being engaged in credit work for more than 20 years. He soon assumed the additional duties that later came to take up almost his entire time, in personnel management, organization matters and operations involving a staff of several thousand employees in the United States and in branch offices abroad. Mr. O'Neill was born in Pittsburgh, Pa. In 1896, he went to the Carnegie Steel Company, Ltd., as an office boy and was employed there continuously until he came to New York, serving in every position, including stenographer, for which he fitted himself at night school. In 1913 he was appointed credit manager and subsequently organized the credit activities as an independent department of the steel company. He was a member of the National Association of Credit Men and served as director in the Pittsburgh Association of Credit Men; was Vice-President and director of the Fidelitas Realty Corp. and director of Guaranty Safe Deposit Co. and W. T. Grant Co.

Mr. O'Neill was made control officer of the National Recovery Administration in December, 1934, when his services were loaned to the Government by the Guaranty Trust Company at the request of the National Industrial Recovery Board. During his stay in Washington, which terminated in July, 1935, he had charge of administrative procedure, financial affairs, office management and personnel of the NRA, assisting W. A. Harriman, administrative officer. He was called to Washington again in May, 1941, under a Presidential appointment as Deputy Director of the Priorities Division, Office of Production Management, in charge of operations.

Henry G. Warland, Vice-President of the Bank of the Manhattan Company, of New York, died at his summer home in Nantucket, Mass., on Aug. 10. His death was due to coronary thrombosis. Special advices from Nantucket to the New York "Herald Tribune" Aug. 10 said:

Mr. Warland was born in New Rochelle, N. Y., and had been associated with the bank since January, 1931, as Vice-President in charge of new business in the mid-town division. Prior to that he was President of the H. G. Warland Corporation and had been connected with several silk firms. He was a director of Clarence Whitman & Sons, Inc.

The consolidation of the Providence National Bank and the Blackstone Canal National Bank—the two oldest national banks in Providence, R. I.—will be effected on or about Oct. 10 under the name and charter of the Providence National Bank in the event that the stockholders approve the merger plans at meetings scheduled for Sept. 26. The Providence "Journal" of Aug. 23 states that Rupert C. Thompson, Jr., President of the Providence National Bank, and Albert R. Plant, President of the Blackstone Canal National Bank, in making this announcement jointly on Aug. 22, said directors of the institutions had approved the move on Aug. 20, following several weeks of discussion. From the paper indicated we also take the following:

Mr. Plant will serve as Chairman of the Board of Directors of the consolidated bank and Mr. Thompson will be President. Charles B. McGowan, Vice-President and Trust Officer of the Blackstone Bank, will hold the same office in the merged bank and, with few exceptions, it was stated, other officers of the two banks will hold the same posts they now fill.

The new board of directors will include most of those now serving on the separate boards and the other personnel will be combined to form the continuing organization, which will have as its only office the present quarters of the Providence National Bank at 100 Westminster Street.

The combined institution will have total resources in excess of $67,000,000, of which the Blackstone bank will contribute about $17,000,000 and the Providence National Bank will contribute about $50,000,000 and trust business, including agencies and corporation accounts, of more than $30,000,000.

The consolidated bank will have a capital of $2,000,000, consisting of 80,000 shares of $25 par value stock and a surplus of $3,250,000.

Of the 80,000 shares, Blackstone Canal shareholders will receive 20,000 on a share for share exchange, there now being outstanding 20,000 shares of Blackstone Canal stock which has a $25 par value. Providence National shareholders will receive 60,000 shares of the new stock. Since there are now outstanding 15,000 shares of Providence National stock, which carries a $100 par value, this will involve a split of the present stock on a four shares for one share basis.

The Providence National Bank, the second oldest bank in the United States, started business in 1971 with John Brown as its first President. The Blackstone bank began business 40 years later, in 1831, with Nicholas Brown, a nephew of John Brown and a son of one of the original Providence National directors, as its President.

William B. Dana, a Vice-President and Trust Officer of the Hartford National Bank and Trust Company, of Hartford, Conn., died suddenly at his home in West Hartford on Aug. 23. He was 49 years of age and was a son of the late Prof. Edward S. Dana, of Yale University. From the Hartford "Courant" we take the following regarding the late Mr. Dana:

Coming to Hartford from New Haven 18 years ago, Mr. Dana was named an associate trust officer at the Hartford National Trust Company and later to the positions he held at the time of his death.

A graduate of the Hill School in Pottstown, Pa., class of 1914, he was a student at Yale during the first World War, and left in his junior year to be commissioned an officer in the Field Artillery. He served overseas with the 26th Division of the 102d Field Artillery for 18 months.

Graduating from Hartford Law School in 1922 with an LL.B. degree, Mr. Dana joined the firm of Bristol and White in New Haven where he remained until 1927, when he came to Hartford.

He was trustee and a member of the executive committee of the Society for Savings; a trustee of the Gaylord Farm Association; Chairman of the committee on banking and bar relations of the Connecticut State Bar Association, and the Connecticut Bankers Association. He was also a trustee of the Kingswood and Junior schools in West Hartford.

The directors of the Industrial Trust Company of Philadelphia have called a special meeting of stockholders on Oct. 18, to act upon a plan for the issuance of 130,000 shares of common stock and the concurrent retirement of all outstanding preferred stock.

Plans of merger of the Broad Street Trust Co. and Banca D'Italia & Trust Co. have been approved by shareholders of both institutions and merger was consummated at close of business Aug. 25, according to announcement by Hubert J. Horan, Jr., President of the former. This is learned from the Philadelphia "Inquirer" of Aug. 27, from which the following is also taken:

Office of Banca D'Italia & Trust Co., located at 727 S. 7th Street, will be operated as Banca D'Italia office of Broad St. Trust Co., with Russell Hamilton, Vice-President (formerly President of Banca D'Italia & Trust), in charge.

"Acquisition of this additional location will provide a convenience to clientele of Broad St. Trust Co., now located in that vicinity, and will make available to businesses and individuals complete banking services of an institution with resources in excess of $23,500,000 and total deposits of $22,344,245," said Mr. Horan.

In addition to present directors of Broad St. Trust who were reelected, Benjamin M. Golder was elected as director, as were following former directors of Banca D'Italia & Trust: Charles La Scala, Ralph J. Burnard, Alfonso L. Baldi and Joseph A. Maggio. Election of James R. Trimble as Vice-President and Harold T. Zuecca as Assistant Secretary was also announced.

Frederic Fraley Hallowell, former Secretary of the Wayne Title and Trust Co. of Philadelphia, died on Aug. 18 at his home in Bellefonte, Pa. He was 86 years of age. In the Philadelphia "Inquirer" it was stated:

A graduate of the University of Pennsylvania in the class of 1878, he was admitted to the Bar in 1880, and in 1884 became Secretary and Assistant Treasurer of the Schuylkill Navigation Co. He founded and organized the Wayne Title and Trust Co. in 1890 and served as its Secretary and Treasurer until 1893.

R. L. Hird, General Manager of the National Bank of India, Ltd., has been appointed a director of the bank.

Negotiations Are Completed for Japan's Formal Surrender

The signing of the formal instrument of the surrender of Japan to the Allied forces appears imminent, since most of the preliminary negotiations between General MacArthur and the Emperor's representatives for the purpose of instructing Japan in the conditions and methods of surrender have been completed.

While it was expected that the surrender terms would be signed on Aug. 31, it was made known in Associated Press accounts from Manila on Aug. 25 that the signing would take place on Sunday, Sept. 2, as all Allied landing operations, scheduled to begin Sunday, Aug. 26, had been postponed 48 hours as a result of typhoons, Gen. Douglas MacArthur announced today (Aug. 25).

Gen. MacArthur flew north on Aug. 29 on his way to make a triumphal entry into Japan the next day, said the press advices on the 29th which added that "as a plane carried him to Okinawa, the mighty battleship Missouri entered Tokyo Bay, where Japan's surrender will be signed aboard her."

The Missouri entered the bay on Aug. 29 under command of Admiral William F. Halsey.

Japan's emissaries spent a day at the headquarters of the Supreme Allied Commander at Manila, and flew home on Aug. 20 with detailed instructions, after having left with General MacArthur full details required for a victorious Allied entry into Japan. A headquarters spokesman stated that they would be prepared "for any contingency," the Associated Press mentioned in its account of the occasion, sent from Manila, Aug. 20.

Under date of Aug. 22 Associated Press accounts from Manila stated that Allied airborne troops will start the occupation of Japan on Aug. 26, the Nipponese Government announced on Aug. 21, and American sources said the Japanese would see the greatest display of military power ever assembled off a foreign country. These advices added:

The Japanese Imperial Headquarters and Imperial Government in a joint communique said the airborne troops would land at Atsugi airfield, 20 miles southwest of Tokyo, with further landings Tuesday (Aug. 28) from warships and transports in the Yokosuka area at the mouth of Tokyo Bay.

Tokyo later broadcast a report that General MacArthur will land on Atsugi Aug. 28 and the formal signing of a "truce agreement" will be held Aug. 31 in Tokyo Bay aboard a United States warship. The report was attributed to the Tokyo newspaper Omiui Hochi by Domei.

Omiui Hochi said the first group of occupation forces will begin landing Aug. 31 (Japanese time) at Kanoya Airfield in Kagoshima Prefecture and will comprise slightly more than 20,000 ground troops.

Representatives of Chinese, British and Soviet Governments will attend the signing ceremony, Domei reported.

The following is the text of the statement, as given by the Associated Press, which General MacArthur issued on Aug. 20 at the conclusion of the conference with the Japanese surrender envoys:

The Japanese emissaries have reported to general headquarters. They imparted all information required and instructions of the United Nations are being conveyed by them to the Government of Japan and to Japanese Imperial Headquarters. In my capacity as Supreme Commander for the Allied powers I shall soon proceed to Japan with accompanying forces composed of ground, naval and air elements. Subject to weather that will permit landings, it is anticipated that the instrument of surrender will be signed within ten days.

At that time, having accepted the general surrender of the Japanese armed forces for the United States, the Chinese Republic, the United Kingdom and the Union of Soviet Socialist Republics, and in the interest of other United Nations at war with Japan, I shall direct Japanese Imperial Headquarters to issue general orders which will instruct Japanese commanders wherever situated to surrender unconditionally themselves and all of the forces under their control to the appropriate theatre commander.

Responsibility for that portion of the Southwest Pacific area which lies south of the Philippines will be assumed by British and Australian commanders.

It is my earnest hope that pending the formal accomplishment of the instrument of surrender armistice conditions may prevail on every front and that a bloodless surrender may be effectuated.

American headquarters spokesmen, the Associated Press report continued, said that General MacArthur's top-ranking staff members were pleased with the apparent sincere attitude of the Japanese in providing military data needed to complete the occupation without incident. It was added that Japan's only alternative, if its Government should reject the terms on completion of the conference, is to continue fighting. However, the yielding of much secret data at the conferences here, plus the advantageous positions that United States units have assumed since the Japanese indicated they would accept the Potsdam declaration would put them under a suicidal handicap.

The consensus was that Japan, as represented by the surrender emissaries, is really anxious to get out of the war and to carry out the terms of the Potsdam declaration. The spokesman, who was present at the current sessions, said some of the precise formality which characterized the first meeting broke down as the sessions were divided into meetings between American Army, naval and air officers and their Japanese counterparts for the receipt of data required by the Americans.

The surrender document formally ending the war will be signed on Tokyo Bay aboard the superbattleship Missouri, said the Associated Press in its Aug. 23 advices from Manila, which in part also stated:

General MacArthur announced these final details today, while his headquarters disclosed actual capitulation in the field is proceeding in advance of the official ceremony. Surrender of several thousand Japanese in northern Luzon was arranged yesterday despite adamant opposition of their commander, and similar negotiations were moving ahead on Mindinao and Cebu.

Emperor Hirohito's cease fire order now has reached all islands, the Tokyo radio said today.